

will not take this lying down; they will start agitation throughout the country and the entire responsibility will be that of the Government.

SHRI DINEN BHATTACHARYYA (Serampore): This issue was raised again and again. I do not know why you are not asking the Government to make a clearcut statement. They should announce it today at least.

MR. SPEAKER: I have accepted only one. I cannot accept all. The only pity is that if I allow you, you don't sit.

SHRI DINEN BHATTACHARYYA: The Government must make a statement on the D.A. issue. He does not want anything more.

MR. SPEAKER: He has raised the point under Rule 377. Mr. Raghu Ramaiah, please note it down.

Now, Mr. Pai, at what time would you like to reply? The time left for this Ministry is two hours and forty minutes. How much time will you require?

THE MINISTER OF INDUSTRY AND CIVIL SUPPLIES (SHRI T. A. PAI): Please give me one hour.

MR. SPEAKER: I think at 3.15 PM you would reply.

13.22 hrs.

DEMANDS* FOR GRANTS, 1975-76
Contd.

MINISTRY OF INDUSTRY AND CIVIL SUPPLIES—Contd

श्री राजदेव सिंह (जोनपुर) : अध्यक्ष महोदय कल मैं इंडस्ट्रियल पालिसी रेजोल्यूशन की मंशा की बात कर रहा था। उसकी जो मंशा थी, उसका जो भाव था, अगर ईमानदारी के साथ उसका पालन किया गया होता तब बहुत सी समस्याएँ जो आज हमारे सामने

है व शायद पैदा न हुई होतीं। उसी की पृष्ठभूमि में मैं कहना चाहता हूँ कि इंडस्ट्री का डिमपर्सल पूरे देश में न हो करके देश के कुछ हिस्सों में उसका कंसेंट्रेशन हुआ है। इसके अलावा उपभोक्ताओं के काम में आने वाली मास कंजमेशन की किन किन वस्तुओं को प्राथमिकता मिलनी चाहिये उत्पादन यह नहीं हुआ है। जैसे सीमेंट, कोरम क्लाय, कमर्शियल वीहिकल्स, बेबी फूड, बनस्पति, ये सब आइटम्स ऐसी हैं जो आम जनता के उपभोग की हैं। इनकी तरफ कोई ध्यान नहीं दिया गया है। गयर कंडीशनर्स और रेफ्रिजरेटर्स आदि की तरफ अधिक ध्यान, उनसे प्रोडक्शन की तरफ दिया गया है। इससे देश में कई मामलों में असमानता सामने आई।

13.23 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

इसी संदर्भ में मैं कहना चाहता हूँ कि आज देश में आर्थिक दृष्टि से पिछड़े हुये बहुत से इलाके हैं। इनके बारे में कभी कभी कहा जाता है कि पिछड़े हुये इलाके इतने स्केटर्ड हैं इतने फैले हुये हैं, इतने छोटे छोटे हैं कि कोई यूनिफार्म स्कीम नहीं बनाई जा सकती हैं। मैं इस सम्बन्ध में उस पिछड़े हुये इलाकों का जिक्र कर देना चाहता हूँ कि जिस को उत्तर प्रदेश के पूर्वी जिले कहा जाता है। ये बहुत पिछड़े हुए इलाके हैं। ये पन्द्रह जिले हैं। इनकी आबादी इस समय तीन करोड़ से अधिक है। आबादी और एरिया के मामले में हिन्दुस्तान के बहुत से जो राज्य हैं उनसे भी ये बहुत बड़े हैं। इनके पिछड़ेपन की एक लम्बी चौड़ी कहानी है। 1857 से लेकर 1947 तक, नब्बे साल तक स्वराज्य की लड़ाई इन इलाकों ने लड़ी है। ब्रिटिश साम्राज्यवाद में टक्कर लेने में ये इलाके सबसे आगे रहे थे बड़ी बहादुरी

*Moved with the recommendation of the President.

[श्री राजदेव सिंह]

से उनके साथ खिलाफ ये लड़े थे, बहुत ज्यादा क़ुर्बानियां इन्होंने इन नब्बे सालों में दी थीं। इसलिये अंग्रेजों ने इन इलाकों की अवहेलना की। आपको सुन कर ताज्जुब होगा कि द्यूबवैल और नहरे जो देश के बहुत से हिस्सों में थी, इस पिछड़े हुये इलाके में उस समय दिखाई पड़ीं जब हमारा देश आजाद हुआ। कहने का मतलब यह है कि ब्रिटिश शासकों के लिये चूँकि हम बागी थे चूँकि उनको यहां से भगाने के लिये बड़ी बड़ी क़ुर्बानियां उस क्षेत्र ने दी इस वास्ते ब्रिटिश शासकों ने इन क्षेत्रों को इग्नोर अवहेलना, किया, इनकी उपेक्षा की। उनकी यह उपेक्षा नीति समझ में आती है। लेकिन स्वराज्य मिलने के 27 साल बाद भी आज उनकी वही हालत है जो पहले थी। उसमें कोई तरक्की नहीं हुई है। यह बड़े ताज्जुब की बात है। बीच बीच में कई कमीशन बिठाये गये। 1963 में पटेल स्टडी टीम वहां भेजी गई थी। पार्लियामेंट में इस तरह की बात हुई थी। पन्द्रह जिलों में से चार जिलों का उसने मैम्पल सर्वे किया। अब उसकी जो रिपोर्ट है उस पर पता नहीं कितनी इस्ट जमा हो गई है। उसका कोई जिक्र ही नहीं होता है। उसकी रिपोर्ट के मुताबिक कोई काम हुआ है, इसका पता ही नहीं चलता है। पिछले दिनों कई कमीशन बनाये गये। उनकी रिपोर्टें भी आयी। लेकिन उन पर भी कोई अमल नहीं हो रहा है। कहने का मतलब यह है कि ये सब चीजें हुई होती तो आज जहाँ हमारे मामले पिछड़ेपन की समस्याएँ हैं वे खड़ी नहीं होतीं।

प्रश्न पैदा होता है कि पिछड़ेपन का मापदंड क्या है? वहाँ के लोगों की आमदनी कम है इसका कैसे अंदाज किया जाएगा। हमारे देश में औसत डैसिटी आबादी की 150 पर स्क्वियर मील है। लेकिन उन जिलों में 800, 900 और 1100 तक आबादी है। देवरिया की तो 1190 है।

डैसिटी आफ पापुलेशन ज्यादा होने के कारण वहाँ जो जमीन खेती करने की है—खेती ही वहाँ का एकमात्र पेशा है—वह इतने छोटे छोटे हिस्सों में लोगों को मिलती है कि 95 परसेंट लैंड होल्डिंग अनइकोनोमिक होते हैं। यही कारण है कि इन जिलों के 10 लाख लोग भाग कर कलकत्ता रोजी कमाने के लिये गये हुये आपको मिल जायेंगे, दस बारह लाख बम्बई में मिल जायेंगे। आठ दस लाख दिल्ली में मिल जायेंगे। इतना ही नहीं और भी जो औद्योगिक नगर हैं वहाँ भी इन जिलों के मजदूर आपको मिलेंगे। इतना ही नहीं, हिन्दुस्तान के जो बड़े बड़े रेलवे स्टेशन हैं वहाँ भी इन जिलों में लोग कुली का काम करते हुये आपको मिल जायेंगे। आज भी यह स्थिति क्यों है? मुझे माफ करें कहने के लिये कि प्लानिंग कमीशन आदि में जा लोग बैठे हुये हैं वे ठीक ढंग से प्लानिंग नहीं करते हैं। ये कौन लोग हैं? बड़े बड़े परिवारों के लोग हैं जिन्होंने कभी भूख महसूस नहीं की है, जो नहीं जानते कि हंगर कितनी आदमी को परेशान करमाती है। इसलिये जो स्कीम वे बनाते हैं या जो स्कीम बनती हैं—वह लाभकारी नहीं होते।

MR. DEPUTY-SPEAKER: Some industries must be set up there. That is what you are trying to say. Please conclude now.

SHRI RAJDEO SINGH: I have some more points.

MA. DEPUTY-SPEAKER: You have exceeded 12 minutes. I have still a long list. Mr. Damani.

SHRI S. R. DAMANI (Sholapur): Sir, I rise to support the Demands of the Ministry of Industry and Civil Supplies. At the outset, I would like to congratulate the minister and his colleagues on the improvement shown during the year under review in various directions. It is a fact that during the five years of the fourth plan, production lagged behind the target and it was considered to be a lean period when the average growth was

just over 3 per cent as against the estimated 8 to 10 per cent. Moreover, the last year of the plan 1973-74, the year previous to the one under review, was a very disappointing year. In that year the growth rate was only zero per cent. And starting from zero growth and attaining 3.5 per cent rate of growth in the year should be considered as satisfactory.

Sir, every year, Members used to complain on three or four important aspects of the working of the Ministry and these are (1) delay in processing of applications for licences; (2) delay in establishment of new units; (3) idle capacity in major public sector projects; and (4) continued neglect of under-developed areas. These four points were agitating the minds of the Members and on this subject I would like to say something.

I am happy that as far as point No. 1 is concerned, the Minister has taken certain action. The applications are being processed much faster than they were a few years back. (2) 26 more items were added in the list of items below the capital of one crore and that is also working better. (3) Permitting automatic expansion of 25 per cent rated capacity and high utilisation of the existing capacity. On all these matters progress has been made and I will deal with it later on.

Before I come to other points, I would like to say one thing. Out of the total investment of the Central Government of 6,280 crores, the investments in the units under the charge of the Ministry is of the order of 920 crores only. Although the Ministry is considered as Industry Ministry, yet only 920 crores have been invested in the units under it against the total investment of about 6,300 crores. The Units under the Ministry are big units like Bharat Heavy Electricals, Heavy Engineering Corporation, Hindustan Machine Tools, Machine and Allied Machinery

Corporation, Cement Corporation and lastly National Textile Corporation. In these concerns during the year under review, satisfactory progress has been made. For the first time, they have shown profits. For example, Hindustan Machine Tool's profit in the previous year was Rs. 5.88 crores, but in the current year it is Rs. 9.12 crores. Similarly, Machine and Allied Machinery Corporation was a losing concern; its profit went up from 25 lakhs to 62 lakhs. Heavy Engineering Corporation has also shown better performance. The total production of Bharat Heavy Electricals in the year is 230 crores which is 130 per cent of the rated capacity. The profit is higher from 13.22 to 27.4 per cent. All these units have shown excellent results and their profits and production have gone up.

So far as engineering concerns are concerned, the growth is 3.5 per cent and the increase in utilisation of idle capacity is 40 per cent. I hope this progress will continue and that in the current year there will be further progress.

Here I want to caution the Minister that he will have to face the problem of sales. There is sluggishness in the country in respect of both capital and consumer goods. So, efforts should be made to increase the exports. If there is no sale, the stocks will pile up, production will go down and so also utilisation of capacity. So, efforts are required to increase the exports.

Fortunately for us, the Arab countries are very keen to develop their countries and they want to purchase plant and machinery. It is no doubt true that our hon. Minister and his colleagues are very eager to capture these markets, but more efforts are required, because we have to compete with the United States and Japan, who are offering to these countries long term credit facilities. So, we have also to offer them these credit facilities so that we can com-

pete with them effectively in the Arab countries. I hope the hon. Minister will take the necessary action in this regard.

This Ministry is responsible for the issue of licences and issue of letters of intent. There is considerable improvement in these processes. Yet, things are held up. In 1972, the number of licences issued was 563. In 1973, it increased to 596 and in 1974 to 1,099. The total licences issued comes to 2,160. I would be grateful if the hon. Minister in the course of his reply throws light on how many new industries have come up against these licences, how many units have been established and come to production and why some of the units have not come up. Why is it that while many people are anxious to get the licences and establish industries, after the issue of licences the establishment of the industry is not materialising? This is very important because we want to encourage new entrepreneurs; we want to encourage technocrats; we want to encourage medium-sized entrepreneurs so that they can replace big houses. In this way, production can be increased side by side employment opportunities can be increased; Government's revenue can be increased and export can be increased. Therefore, it is very important that new industries are set up against licences issued. It should not remain on paper.

According to my personal experience, what I came to know from many sources, there are financial institutions which have adopted a rigid policy; they do not consider the proposals put forward by the new entrepreneurs, technocrats and the medium-sized entrepreneurs with the sympathy they deserve. They want to continue with the same ratio of 14:1, that is, 40 per cent (new entrepreneurs): 60 per cent (Government financial institutions). This is the rule that they are following, not from now, but for the last so many years. They do not want to change it. Previously, the capital market was good. But, unfortunately, for the last five years,

the capital market is very very dull. When there is no investor, in that case, how can they raise their capital? How can a small man who has got a degree or a new entrepreneur who is having a capital of Rs. 3-4 lakhs, purchase things and put up an industry without financial help? Unless that ratio is changed, things are not going to improve. Why do they not like to change it? Their argument is this. If they advance more money, the burden of the interest will be more on the industry. Therefore, they want to stick to this ratio. This is the point which requires consideration. If the ratio is made 1:3, then they have to advance Rs. 75 lakhs, which means Rs. 15 lakhs more. If the interest on Rs. 60 lakhs is Rs. 12 lakhs, then the interest on Rs. 75 lakhs will be Rs. 15 lakhs. What is very surprising is this. If a unit can pay an interest of Rs. 12 lakhs, it can also pay an interest of Rs. 15 lakhs. It means only it has to pay Rs. 3 lakhs more. This is the matter which requires consideration. Therefore, I would request the hon. Minister to take up this matter and see that entrepreneurship will become broad based, new industries are established and more employment opportunities are created; then automatically production will go up.

Today there is an advertisement in the paper regarding the controlled cloth. Last year, when the hon. Minister of Commerce had increased the quantum of controlled cloth from 400 millions to 800 millions, I suggested to him that he should not increase it at one time; he should increase it by slabs. If they had done it by slabs, then the position today would have been different. The result is that every mill, the NTC mill or any other mill, is flooded with controlled cloth. One lakh bales have accumulated. Therefore, I suggest, the hon. Minister should use his good offices, work out something and see that mills produce such cloth which is useful. I have given a note to the hon. Minister. I hope, he will study the note and take action on it.

With these words, Sir, I thank you very much for giving me this much time.

SHRI VASANT SATHE (Akola): Mr. Deputy-Speaker, Sir, let me begin by most heartily congratulating the present Minister-in-charge of this Ministry and his colleagues for the excellent work that has been done during their regime, while supporting the Demands for Grants.

I am normally known to be critical of the Government for various shortcomings. But today, it does give me pleasure to see that about the public sector where we have been condemned, left and right, throughout the country—it had practically become the butt end of a joke to call oneself a supporter of public sector; the public sector has become synonymous, more or less, with inefficiency, as it were—for the first time, we have proved to the country that the public sector can be an efficient sector, can make profits, can have savings and can have capital formation for re-investment. What gives me pleasure is, when I see the figures, that in hardly three years, from 1972-73 to 1974-75, there has been an increase from Rs. 32.8 crores to Rs. 68.69 crores, nearly double. This is really very heartening.

I have gone into the reasons as to how the public sector has shown this dynamic growth. Apart from the credit going to the dynamic Minister and his colleagues, the credit also goes to one single factor and, that is, you got experts in the field to handle the public sector. We have been clamouring for all these years, without meaning any ill-will against the bureaucrats, that the bureaucrats are good behind the bureau, excellent administrators in law and order, revenue and other matters. But why are you misusing them by putting them in-charge of steel plants, fertiliser plants, the Bharat Heavy Electricals, cement factories and what not? That was ultimately listened to.

We got experts in steel and other fields. We got men like—I do not want to name all of them—Mr. Fernandes in the Bureau of Public Enterprises and so many others. Without naming them, I would like to congratulate each one of them who brought glory to the public sector.

Why are we shy of expertise wherever it is available? That was one single factor responsible for the growth of the public sector.

Another factor which was responsible for the success of the public sector was taking greater cooperation of the workers in management, creating a feeling of belonging in the minds of the workers.

Last but not the least is the factor of accountability. The only test of success anywhere, in any field, political, industrial, economic, social, is accountability. You introduced that here and that showed the success. I will go to the extent of saying, you give greater incentives. You tell a man, "You are in-charge of this." Don't allow nepotism which, ultimately, comes to nephews, sons-in-law, brothers-in-law and what not.

MR. DEPUTY-SPEAKER: Favouritism.

SHRI VASANT SATHE: Yes.

It is this which is the bane in our public sector also. Put a man in charge, as Roosevelt did in the New Deal era, and tell him "Now, you man it from top to bottom; I want results"—as Nehru used to say "Come to me with results and not with excuses". That is the test of accountability.

Today, because time is short, I want to develop only on the proposal of what I would describe as the true national sector. The words 'national sector' have been loosely used recently, and maligned also, because the content of the national sector was

not spelt out and was not clear. It was mis-understood. People thought that the national sector probably meant the sell out of the public sector and the private sector shareholders. But if I understand it correctly—and that is how I want the national sector to develop, instead of having this dichotomy of the national economy—of the public sector and the private sector—and then talking of the warning of red-herring raised by the famous industrialists of the country, of the mixed economy being in danger...

MR. DEPUTY-SPEAKER: Some people say that it is 'mixed-up' economy.

SHRI VASANT SATHE: That's right. But here, the thinking also seems to be mixed up.

So, I would request that we should have one national sector in this country instead of the public sector and the private sector. All industrial activity and all economic activity can come under the canopy of what should be called the national sector. Whatever they may call it in other countries, in our country we call it a Corporation. All right, let there be a National Corporation for each sector—steel, cement, textiles, essential consumer goods, etc. For all these sectors and for wholesale distribution also, let us have one Corporation each called the National Corporation which will consist of all the productive elements of the society—because our objective is to utilise the national resources to the best advantage.

And which are the productive resources? There are three—capital, labour and management. Capital today, as our friend was saying just now, is mainly from the public financial institutions—the LIC, the State Banks, all nationalised banks and other institutions. Therefore, capital management is in the hands of expert people.

I take my hat off to those people in the private sector—may be in textile or may be in other fields—who are producing consumer goods. They are the managers; they give us their entrepreneurship. One-third of the section represents the workers—who are the most productive part in any industry anywhere. So, let there be, in the management of this national sector, one-third representation of the present Management, one-third representation of the financial institutions—which will indirectly mean the Government—and one-third representation of the Labour, to be directly elected by the employees. Forget the Unionism; there are vested interests even in the Trade Union movement, as we know. Therefore, they should be directly elected representatives of the employees from among the employees themselves and not outsiders like me

Thus, if we have these three sectors, all this controversy which is raging today, tearing apart the economy as it were, will disappear. You will have the best talents from all sectors and then put the accountability: here is a Board consisting of the workers' representatives, representatives of the management and of financial institutions; now give us the result. Fix the targets. Then another advantage that will accrue from this functioning would be that you will not have this phenomenon of white money and black money. After all, money is what money does. ...

MR. DEPUTY-SPEAKER: I wish things are so simple.

SHRI VASANT SATHE: It is not simple, I know. I am trying to make it appear simple, but I am fully aware that it is a very complicated business. In ten minutes, I hope, you do not expect me...

MR. DEPUTY-SPEAKER: You have exceeded your ten minutes.

SHRI VASANT SATHE: Because it is a new point, kindly show some indulgence.

I was trying to submit that, by this, you would be able to regulate the entire economic activities, both production and distribution. Where does the black money go? After all, it goes into some economic activity; it goes into production of goods or services or cornering of goods which is the result of labour—wealth in the form of goods. Once you have full control over the economic activities of the country, then you will be able to allot the priorities. Simultaneously, you may also have a law on ceiling on property. All these measures can be taken. Today a sense of urgency must prevail in the field of economic activities. It is no use saying that it is beyond my Ministry, somebody else deals with it. Don't you think that the time has come when a sense of urgency must inform all our thinking? We are already, more or less, on the brink of precipice. The population is growing. 70 per cent of our population is living below the poverty line. How can we regulate the industrial activity and give productive work to the majority of the people in the backward regions unless we have control over the economic activities and finances. That is why I have made this proposal. I would request the Minister of Industries, who is mainly responsible for coordinating the work of the various sectors to give thought to this proposal of a national sector in the country.

SHRI N. E. HORO (Khunti): Mr. Deputy-Speaker, Sir, I would like to submit one or two points, mainly about industries in backward areas. I have not been able to understand the criteria on which Government have decided or determined a backward district. In Chhota Nagpur only two districts have been declared as industrially backward and they are Palamau and Santal Pargana. The districts of Ranchi,

Hazaribagh, Dhanbad and Singhbhum have not been declared as industrially backward districts probably because some public sector industries are there. In Ranchi district, we have the Heavy Engineering Corporation and, therefore, the Government thinks that the entire district is industrially forward. Similarly, in Singhbhum, because Tatas and Telcos are there in Jamshedpur and a few other factories and projects near about that, they think that the entire district is forward. That is not so. It is still industrially backward. When we speak of industrially backward districts, we must consider the entire district itself. I would like the Government to re-orient itself and to redefine and lay down the guidelines and the criteria and they should review the entire list of backward districts and bring all other districts which have not been declared as industrially backward under their new list.

14 hrs.

It has been seen that Government through several financial institutions have been trying to give financial assistance and also subsidies to these industries. The common man does not understand the intricate procedure. I want that Government should think of having only one financial institution for subsidising or giving financial assistance to these industries in the backward areas. The procedure should be simplified so that these people understand this and they do not have to go to so many financial institutions for assistance. This aspect of the matter should be considered by Government specially when they are dealing with the population in areas which are still backward in so many respects.

I would like to emphasise another point. It has been seen that—the eastern region specially, which has all mineral and forest wealth, has not been

industrialised. All the raw material is there, but industries have not grown in those areas. There must be something special with the Government of India; I might say that probably some kind of vested interest is working, because of which the eastern area which is giving all the raw material is not getting industries and the western area is getting all the financial and other facilities. The result is that during all these decades, the balance has been upset, and those areas which are supplying raw material have been lagging behind in every respect. There is no reason, why these areas should not have small scale industries, rural industrial and home industries, when they have all the raw material. If the Government will move in that direction, they would be able to give more employment to the people and more people will develop themselves economically. This has often been said and, I think, Government ought do something in this respect. If this goes on and this policy is not changed, I am afraid, in the decade to come, things will take a different shape. Probably some political agitation may arise and that will be very harmful to the economy and to the country.

The financial institutions which are working in backward areas have not gone upto the villages to find out the growth centres. The techno-economic surveys and all the data that the Government have, are, more or less, stereo-typed. In the backward areas, where we move and where more growth centres could be identified, the Departments, whether of State Government or of Central Government, or financial institutions, have not been able to, rather they have not cared to, identify those growth centres. There could be so many growth centres if there is a will to do that. So, I say the Ministry ought to consider this point also.

One point more, and I will sit down, and it is this. There are departmental heads, there are so many institutions, so many different types and categories of experts and I think the entire

administrative establishment is too top-heavy. How much money they are spending on the staff and what is the physical result they are producing? In many respects, we are only copying what other countries are doing. We have not employed the technology and the information that we have received from others in the context of our country. We should employ them to our best use, but that has not been done and is not being done. We have all the techno-economic surveys and reports—if you go through them, what an amount of data and information we have collected, but what benefit are the people getting from out of these? They are getting nothing. We have to be practical and I want that the Government should re-orient itself get out of the whole rut that we have fallen into during the last two decades or so. We have to rethink and reorient ourselves in the present context. I wish the Ministry of Industries seriously thinks about it. Let the Ministry train its people. Let them educate their people or re-orient them so that in the present context, they could be helpful to the people, to the rural people and especially to the people in backward areas. Otherwise, all this talk of socialism and industrialisation is just a point. To our people Government have been hypocritic. All these years, the Government has been only talking and doing nothing substantially for the backward areas. That is why the credibility gap is very wide.

So, with these words, I would request the Ministry to consider these points seriously and do something so that our people can be helped.

SHRI KARTIK ORAON (Lohardaga): I rise to support the Demands for Grants of the Ministry of Industry and Civil Supplies.

While I do so, I would like to point out certain facts because I am a realist, I am a pragmatist and not a dogmatist. I want to see things as they ought to be seen and not to please the Ministry or people or

the party or anybody. But what is right and true must be told in this House. Then only we may be able to find some solutions to meet the situation.

As you know, we had very high hopes while establishing big industries because we thought that they would be able to lend substantial contribution to the social change of our country. These hopes, if I may say so, have been belied. So, it is about time that a serious thinking is done about the present position of industrial development in our country.

Most of these public sector undertakings or industries have been located in the tribal areas because they have the raw materials and they have the land. These tribal people gave their lands and big projects have come up. But the most unfortunate part of this—I do not know whether the Minister knows about it—is that in many places the tribals have not been given compensation. They are not getting jobs. They have given away their precious land. These tribals live with the lands and languish without them. In Rourkela, for instance, a steel plant has been set up. This is just an instance which I am giving and this may not concern this Ministry. Land has been taken from the tribal people at Rs. 100—500 per acre, but the same is being given to the big shots at Rs. 10,000 per acre. Is it not exploitation of the tribal people? The officers sitting at the top of the public sector undertakings ridicule the tribal people. They should try to be humane and they should try to appreciate the circumstances and the difficulties under which these tribal people are labouring.

We know that these public sector undertakings are not doing well. It is no good saying that they are doing well. When we swim, it is all right to say that we are swimming. But if we are sinking, to say that we are swimming, could be the most dangerous and misleading thing. Therefore, I

would request the hon. Minister to give a serious thought to it as to why our public sector undertakings are running at loss. In the public sector after three years of its going into production it should give a reasonable dividend of not less than 10 per cent. In fact Mr. Jawahar Lai Nehru said 'minimum profit', but the Planning Commission says 'reasonable and adequate'. Bureau of Public Enterprises say that 12.5 per cent is reasonable and adequate; the Tariff Commission says—16 per cent. My point is that if the private sector earns a profit of 20 to 22 per cent, why should Public Sector run at losses? Why should the public sector not be half way in between?

We are having foreign collaboration to help us to make profits, to bring about a social change in our country. Without foreign collaboration we could afford to run in loss but when we are having foreign collaboration, let us not forget that we have no reason to justify the loss.

Foreign collaborations even though may be very alluring they have retarding effects on our national efforts. When we are thinking of spending Rs. 7,829 crores in the Fifth Five Year Plan in the public sector industries—about Rs. 3,000 crores for the running of the industries and about Rs. 4,000 crores to be spent on the new industries, let us chalk out certain programme so that our industries should not run at losses. Let us forget who is who. What is the maxim that is being applied in our public sector industries? It is not who knows what, but who known whom. This is very much prevalent in our public sectors and this must be put an end to. We must have the best person from any part of the country who should be put at the helm of affairs. If he is related to somebody in authority he will not care for any body or for the public opinion or even for the employees of the undertakings. But we must see that such a person is in position to develop team

spirit and loyalty to the organisation. Men are more important, whether it is in heavy industries or anywhere, than money, material and machines. Of course, men of character. We must be in a position to streamline our policies of recruitment, promotion and dismissal and these should not change from person to person. We must have a cut and dried policy. If a person is not in a position to deliver the goods, out he must go. He should not stay even for a day. He may not be able to bring about a total change, but there must be a trend towards making some improvement.

We talk of self-reliance, cutting down our imports and increasing our exports. I very well see that it is the function of money but there should also be the function of technical know-how. We must not always think of foreign collaboration. We should impart training to our engineers. I know lot of money is being spent for importing training abroad, in the country of foreign collaboration. I ask: What have you learnt? We have been sending our engineers abroad but no return we have some to know that they have learnt nothing other than merely having look at the drawings. I speak with authority. I was in a foreign country and I was considered an expert in that country. In our own country there must be some White-skin over my head to guide me! I found that even the best people were not in a position to advise us. There is no dearth of know-how and talent in our country. Let us change our attitude. By all means send all our engineers to foreign country; let them go all over the world. We should get the best out of whatever is available in any country of the world.

About bonus, I wish to point out that in no other country of the world is it stated that bonus should be given even when industries incur losses. Without profit, the question of bonus just does not arise at all. Bonus is supposed to be an incentive for efficiency. But

here, even when they incur losses, they are asked to give bonus of 8 1/3 per cent. How is it possible? The concept of profit must change. Suppose somebody is running a loss of Rs. 17 crores this year, if in the next year, he runs a loss of 16.99 crores, he thinks he has made a major improvement. This should not be the correct idea of profit. Our concept of profit should change.

Regarding the Joint Sector, I congratulate the hon. Minister. He has given some new ideas. This is a new experiment which we welcome. Supposing we give to a private industrialist a sum of Rs. 300 crores and it runs at a loss, then, he will collapse the very idea of profit. Our concept of profit ring losses after losses, we are not even concerned at improving the position. So, let us experiment with this new policy of joint sector. This is my submission.

Regarding ancillary industries, we must develop them in and around the big industries. Industry begets industries. Wherever there are big industries small industries are sure to come, to supplement the needs of the big industries.

Then regarding backward areas. By backward areas, we mean industrially backward areas; but in fact backward area should mean economically backward area. We have selected 299 backward districts. An area may be industrially advanced but may be economically backward. An area may be industrially backward but economically it may be advanced. Therefore the criteria should be the per capita income in determining the backward areas.

Regarding labour representation, it is very nice having labour participation in the management. But do you know how many categories are there in each and every industry? Would you like to give representation to all groups and factions? It is not going to serve the people. These unions and groups are

not going to serve the cause of labour at all. I would like to say that there should be one union for one industry. That should be the ideal. Only then you can give representation for labour in the management. I will go a step further and I would say, ban all the strikes in industries for a few years.

Industries should be located in such areas where the raw materials are available. Some of the raw materials are being taken away. This will not help the tribals to develop. They are not able to take advantage due to shifting of the location of industries.

Therefore, industries must come up where there is raw material available and I would like to invite the attention of the hon. Minister to certain industries like the shellac industries and others which require to be nationalised. Please do not employ the middle men who are making crores and crores of rupees at the cost of the growers. I would request him once again to please do the needful in the matter. At Ranchi, an International Centre of Silk Board is likely to be located. But, I now understand that it is likely to be shifted elsewhere on political grounds. Why should it be located elsewhere on political grounds? On political grounds industries should not be allowed to be shifted. That is neither the industrial policy nor the political policy.

We are having a financial Committee on Public Undertakings. Once a while they go round the country and come back and sit for some time, take tea and finish with their business. How can they, in a couple of hours, know what is actually going on in different industries? Therefore, I suggest that mere Committee on Public Undertakings is not enough. Regardless of whether the industries are working at a profit or loss; there should be an evaluation Committee which should try to discover the causes that lead to the losses in these industries. So, finally, Sir, I would request the Minister, through you, that let him have an

Evaluation Committee and let it sit for ten days and go into the working of the industries. I know many of them are running at losses. For example there are industries which are having a backlog of 8,000 to 10,000 tonnes of equipment. You may say on record that everything is perfect. We know it for a fact that there cannot be any dispute about this. Therefore, I request the hon. Minister to please see that he sets up an evaluation committee mere financial committee is not enough—in the larger interests of the industries as this will help the industries to grow also.

DR. KAILAS (Bombay South): Mr. Deputy-Speaker, Sir, while supporting the Demands for Grants relating to the Ministry of Industry and Civil Supplies, I would like to draw the attention of Mr. Pai, the hon. Minister to one thing. He has a robust commonsense and, as an experienced administrator, has created a climate of confidence in the country. He is a national missionary social worker. We see progress in the industrial development not only of the public sector but also in the private sector undertakings. I admire his wisdom of intaling the Idea of "National Sector". I was wondering when the private sector had been drawing from 75 per cent to 90 per cent of the credit from the public institutions why the money is lying idle with the private Sector which they are only using for cornering the essential goods, why should they also not be drawn invest in the public sector, which can then be known as "National Sector." The only drawback in this "National Sector" concept seems to be that if you allow them to be near the production side or if you allow them to be near the distribution side, you are completely crushed. And hence you should be beware of this enticing point of getting money and if you are caught into their trap it would be a dangerous game and hence kindly accept only money and stop. But give them the percentage of profits on the shares which they are holding in the different sectors which will then be

called as really. National Sectors". I must say that drawing their money and not allow them to corner the essential goods which they are doing to-day is novel idea. Even in the matter of salt and paper, they did corner such goods. This must not happen in future.

Another thing to which I would like to draw his attention to is this which does not find a place in the report itself a very nauseating and a very important part of Industrial development "pollution".

Sir, I come from Bombay and I had the honour to travel almost all over India. I have seen, Sir, industries polluting the rivers, industries polluting the sea and industries polluting the air.

MR. DEPUTY-SPEAKER: But, is pollution also an industry?

DR. KAILAS: No, Sir. He must...

MR. DEPUTY-SPEAKER: How does he come in?

DR. KAILAS: Are we here only to industrialise and to give jobs? Or are we here to take care of the health of the people or are we to kill them for the sake of industrialisation? When Government wants industrialisation, the first step which Mr. Pai should take, and which should find place in his Ministry's Report, is that he should stop pollution by strictly enforcing the conditions of licence. Until and unless a person who start an industry takes that step of treating smoke and discharges he should not be given a licence.

MR. DEPUTY-SPEAKER: I understand. It is a larger question. May be some other Ministry, Ministry of Environment or Ministry of Health will be responsible for that.

DR. KAILAS: Until and unless a person takes care for treating the polluted water which goes into the river or the sea, licence should not be granted. Licence should not be granted until and

unless he treats the smoke or the gases that emanate or the chemical fumes that come out. I think this comes under the Factories Act. They are responsible according to me. You are also right. The implementation machinery will naturally be the municipalities and local bodies. After all, they are the implementing agencies. Until and unless the municipalities and the local bodies take care of these things and see that this is implemented as per licence terms, nothing will move in such a factory. But, Mr. Pai has the dynamism. Whatever Ministry has been entrusted to him, whatever public undertaking he was made chairman of, before he was appointed as minister, he has done his job very well. Let him try to solve the problem also. That is why, I wanted to draw his attention. Even the Prime Minister has openly not once, but thrice, said that we are almost getting suffocated. Therefore, he should look into this. I would suggest that he should set up a cell in his Ministry which would go into the question, how should we treat the smoke or the gases that come out and how should we treat the polluted water before it is let out into the sea or the river.

SHRI B. V. NAIK (Kanara): There is the Ministry of Works and Housing and there are specific instances where under petitions have been submitted on the floor of this House. But, this Works and Housing Ministry has done nothing in regard to the Central Act and it goes on shifting its responsibility to others.

DR. KAILAS: You have said in so many words which Deputy Speaker has said the same thing in two-three words.

MR. DEPUTY-SPEAKER: I could see, this is an important question. But, which Ministry is really responsible, I am at a loss, I do not know. Anyway, you can go on.

DR. KAILAS: Let Mr. Pai explain whether I am correct in drawing his attention or not. There is divided opinion. According to me, his is the

primary responsibility. I wanted to mention this point. Unfortunately, people do not like. You have to see that each and every factory puts up on the board 'dog and don'ts.' This must be done and then only.....

MR. DEPUTY-SPEAKER: Let us start with Zuari Agro Chemicals in Goa.

DR KAILAS: It seems everybody is trying to inject pollution of interference when I am speaking. The other point which I would like to speak is that we are happy that the fifteen public undertakings under this Ministry have started not only making profits, but, they have also either reached their targets or crossed their targets. I would like to name a few of these and I must congratulate those who are in charge of these units. Sir, NEPA has achieved 104 per cent of its target, Hindustan Cables 98 per cent, Instrumentation Limited 95 per cent, Hindustan Photo Films Manufacturing Company 92 per cent. I am not very happy about it because when Kodak and Agfa could make money, why not Hindustan Photo Films? Of course, they have started making some profits. But, still, this is far below than what Kodak and Agfa are earning. Perhaps, there is need to change the whole machinery which have perhaps become obsolete and old. The Cement Corporation of India 82 per cent; The Tannery and Footwear Corporation of India 81 per cent; Hindustan Paper Corporation 80 per cent and HSL 126.5 per cent. All these have done well and have achieved almost 100 per cent of the target. Hence a climate has been created in the country that the public sector also can show profits which will add to the exchequer for the good of the people. Not only that, they have also made the private sector aware of their social obligations. The way, they have looked after the workers is an example to the private sector.

As regards the private sector, I fully support the Government of India and

the RBI for the correct step taken of credit rationalisation. I do not like the word 'credit squeeze' which is being used. I happen to know quite a number of industrialists. When the credit squeeze was not there, I know how lavishly they were spending, how lavishly they were giving donations and trying to buy institutions after institutions. Now they have not been able to do it. They have not been able to rationalise it in the present circumstances. Out of a crore of rupees allowed to a private sector, if he has utilised only Rs. 25 lakhs on an appointed day, the limit has been put at Rs. 25 lakhs only while previously not only the donation part of it, but the 75 per cent used to be utilised for cornering and speculation. Hence I would say that credit rationalisation is a good step. But certain industries have been feeling the squeeze. They are in the critical and essential sector. Each and every case should be examined by the RBI. The limit has to be increased to suit the requirement, if necessary, in the interest of the country and the good of the people. Hence this needs a little revision in respect of certain industries.

Time is limited for me. I am speaking for the first time after I spoke on the motion of thanks to the President for his Address. Unfortunately, I am given the last chance.

MR. DEPUTY-SPEAKER. You must address it to Shri Shankaranand.

DR. KAILAS: I am not accusing you. There is the great Minister of Parliamentary Affairs, Shri Raghunath Ramiah. I am not having the nuisance value and so I am neglected or I am not his favourite. You will kindly allow me a few minutes more or should I shout.

MR. DEPUTY-SPEAKER: Be sweet and reasonable to me.

DR. KAILAS: I would ask a few questions and make a few suggestions.

Why not increase the limit of investment in small scale industry which has been put wrongly previously at Rs. 7½ lakhs, which should now be Rs. 10 lakhs? Or it should be increased suitably. (ii) Why not encourage young entrepreneurs to take up production of such items of consumer goods which are needed? (iii) Why not create a cell for this purpose? (iv) Then why not develop ancillary industries as per recommendations of the Small Scale Industries Board? Now the Mathura Refinery is coming up. I do not know what ancillary industries could be set up there. People come to me, young graduates, young engineers, asking for my advice. I cannot guide them. Hence this should be looked into. It should be advertised in the papers that such and such ancillary industries could be started. (v) Though efforts are being made, still very much is lacking in regard to extension services and inputs. (vi) Also how many cases of de-registration of non-functioning units which have made raw materials scarce have been noticed? Has de-registration helped the availability of raw materials to the small scale industry. (vii) To strengthen small-scale industry, it is necessary to give incentives for export promotion. Such action should be taken as early as possible. (viii) I have seen some officers doing very good work, even the District Industries Officers or Inspectors, but they are being ignored in the matter of promotion. Those who can reach here or put political pressure get the jump. I have seen Directors and Assistant Directors also doing very good work, but perhaps they are neglected. I expect Shri Pal to look into the cases of these officers who are doing a fine job. (ix) I have also seen the rate of our ancient art artisans. I have gone to Jaipur, Jodhpur, Surat and Bihar also. These arts are almost dying. The Ministry has not done anything to improve their earnings and also save the art from extinction. (x) I know a few cases where young entrepreneurs get frustrated because there is no integrated assistance to such persons for counselling, training,

credit, technical services and above all marketing inside and outside the country and hence they could not succeed. I am sure that the hon. Minister will see that each and every young entrepreneur gets training before he is given registration of his industry. (xi) We always speak of rural development and development of backward areas. The other day, Shri A. P. Sharma, another competent Minister in this Ministry said that 1.6 lakh units were to be established during the Fifth Plan period in rural areas and that finance also is being provided. Many persons come and ask me which industries could be started in rural areas and where they could be located. Hence it should be publicised well so that we can reach the 1.6 lakh target and Rs. 287 crores provided in the Fifth Plan could be utilised properly. (xii) Let this House also be told which are the 57 additional districts where the rural industries project programme have been started. The Minister in his report had stated that he had located some centres: they are non-existent in Assam Orissa, Arunachal, etc. These areas are not developed. They are not in Jammu and Kashmir. I do not know why they are not located in these areas. These States need help much more than any other.

I think the DGTID has got to be taken proper care of by this Ministry. It has been creating hurdles. Whatever the things have gone wrong, wherever the targets have not been completed, it is the DGTID which is responsible and which has created hurdles. What is the constitution of the small scale industries Board? No person with experience or missionary spirit has been appointed on it. Could you think of reviving this board so that your ideas could be translated into practice quickly by its support. I have known many small industries which do not get furnace oil, coal, cement, soda ash for glass and ceramics and the assistance of the department of electronics for manufacture of electro-medical equipment like pace-makers, ECG machines, etc. Many entrepreneurs do not succeed

because technical services from SIDO are not available, especially in backward areas. I also want to know the output of critical sectors like steel, coal, power and also what would be the achievement of the Ministry by the end of 1975 in these sectors?

I have some representations from small saltpan holders who are producing salt. Your Regional Salt Commissioner, Bombay has been cruel to them. When I sent you a representation, you were kind enough to send a representative. Persons who were doing this work hereditarily are being disallowed and salt is not available and those families are also suffering.

I am sorry that I am taking a little more time. I should say that I am extremely unhappy that I am not given time when I want to speak even though I am speaking for the first time in this Budget session after the motion of thanks on the Presidential Address.

SHRI M. S. SANJEEVI RAO (Kakinada): I congratulate the Minister of Industry and Civil Supplies for the purposeful outlook and meaningful schemes for the rapid industrialisation of the country. It is rather unfortunate that the rate of industrial growth is painfully slow. As a matter of fact, stagnation and crisis in one industry or another have become a regular feature in our economy. The growth of industries has become the fundamental question and on this issue depends the ability to solve the twin problems of unemployment and social insecurity. Everybody knows this basic truth. Is the Government taking effective steps to see that the industrial growth is increased with the pragmatic outlook and scientific approach? To me the policy of the Government is to frustrate the efforts of the entrepreneur and see that the industries do not come up as expected by their bureaucratic procedures and formula. It is evidence that the Government want more paper piling than actual industrial production and

as a result, even the small scale industrialists are forced to employ more unproductive clerical staff rather than the technical staff. These policies require re-examination and re-orientation in order to redeem the promises that we have given to the public and the people. What we want is co-ordination and co-operation between the industries and the Government but not confrontation. We need dedicated officers with initiative who can take quick decisions to man the key posts. If there is no acceleration of generation of income and the rate of industrial growth is low it is because of the under-utilisation of the existing plant and machinery. According to the Reserve Bank of India Survey, 40 per cent of the plant and machineries is idle due to want of raw materials or electrical power. The bulk of the industries depends on the foreign technology and as a result, most of the raw materials, components and scarce spare parts should be imported to keep the industries running. Above all, nepotism, bureaucracy and corruption in the method of distribution of the scarce raw materials and the issue of licences for the components create further problems for the basic objective of rapid industrialisation and optimum utilisation of the existing plant and machinery. What is the answers? Should the country face up to these facts and not evolve alternative strategy for achieving rapid industrialisation by utilising the available raw material, components and skill or should it buckle in as avidly as ever before to aid from all possible sources to sustain the present pattern of production? In the prevailing gloom the only redeeming feature is the 15 public sector undertakings' successful performance under the Ministry of Heavy Industry, smashing the age-old myth that the public sector cannot deliver the goods and make profits. As a matter of fact the Ministry of Heavy Industry has taken over the sinking sick industries like Jessops, Richardson and Crudas and Braith Waite and increased their production to a remarkable de-

gree. Let me tell you, Sir, some of the highlights of these public sector undertakings are that the Bharat Heavy Electricals have produced equipment and machinery to generate 2950 megawatts during this year as compared to 2100 megawatts last year. They have also delivered a 236 MW nuclear power generator for the Kalpakkam atomic project at Madras. The spectacular performance of Bharat Heavy Electricals can be realised by the fact that out of the total installed capacity of 19,000 MW generated at the end of 1973-74, the share of indigenous generating capacity is only 1100 MW. As against this, out of the additional power generation of 16,000 MW that is going to be added during the fifth plan, the share of indigenous content is going to be as high as 13,000 MW. This is the measure of self-reliance we have achieved during the last 15 years.

I am happy that Jessops have delivered a 300 tonne lad/crane to TISCO for the first time in the country. So also, the Heavy Engineering Corporation have manufactured a sophisticated 262 tonne cyclotron magnet for the Bhabha Atomic Research Centre for the first time. They have also produced a 450 tonne cone crusher for the first time in the country. It is unfortunate that when the HEC is doing so well, still it made a net loss of Rs. 5.1 crores. This is a sophisticated industrial complex which needs greater gestation period. We should remember this. I am sure HEC will do well in the coming years provided Government gives them a chance by placing firm orders. I appeal to our dynamic Minister, Mr. Pai, to see that firm orders are placed on HEC. The other day I came across a news item that the technical consultants have cleared the Vijayanagar and Vishakapatnam steel plants. I want Mr. Pai to use his good offices with the Planning Commission and the Government of India to see that firm orders are placed for these two steel plants on HEC.

It is thrilling to realise that these 15 public sector undertakings, if efficiently operated and norms of standardisation are observed, they are in a position not only to manufacture the entire requirements of the core sector during the fifth plan but also to export considerable quantities of machinery. This naturally calls for a high degree of flexibility, technical innovation, proper allocation of responsibilities and above all, skillful dovetailing of the outputs of various industrial units. Since the heavy engineering and machine building plants are geared up to the nation's requirements, the only requirement in the development of design and consultancy services for the execution of these projects. It should be realised that as long as the Indian design and technical services are not encouraged and given due recognition but are allowed to be bullied and browbeaten by the foreign technical consultants, the so-called foreign experts will see that a lot of heavy engineering machinery are dumped in our country at the expense of the full utilisation of our industrial base. Unless and until the Indian consultants occupy a prime position for designing, engineering and supervision of all the projects, the optimum utilisation of our heavy engineering base for sustained accelerated national development cannot be achieved.

I lastly appeal to our dynamic Industries Minister to pay a little more attention to the Ministry of Heavy Engineering, particularly to the Heavy Engineering Corporation which is having trained talented and technical competent technicians and technologists who can plan, procure, design and fabricate any type of industry for either sugar or cement or steel fully occupied by placing huge orders with them, and thereby imparting viability and vitality to our national economy.

PROF. MADHU DANDAVATE (Rajapur): If the performance of the Industrial Development and Civil Supplies Ministry is to be properly assessed, it will be absolutely neces-

sary that the coordination between this Ministry and other Ministries is also properly ensured. Some of the aspects which I would like to place before you might involve certain aspects of other Ministries but I would refer to them only by way of coordination.

Today, one of the most important problem before the industrial development of the country is that our entire emphasis on priority is going wrong. We must make up our mind whether we want to give priority to capacity creation or to capacity utilisation. And I think, our entire emphasis is on capacity creation and as a result of that we have a dismal picture as far as utilisation of capacity is concerned.

The number of industries whose percentage of utilisation over 70 per cent to 70 per cent is only 10, from 50 to 70 per cent, it is 12 and it is more shocking that in some of the most important industries like steel casting, transmission materials, petrol engines, railway wagons, etc., the utilisation of capacity is even below 50 per cent. And if we look at the grim picture of capacity utilisation, we have to admit the fact that it is because of the faulty method of distribution of raw materials and related problems that the problem of utilisation of capacity has not been properly tackled. I do not want to dwell on this problem for long because a number of aspects of this problem have already been mentioned.

I would immediately like to move to the public sector undertakings, some of the failure of these undertakings and the manner in which the efficiency and the productivity can be stepped up.

One of the failures of the public sector undertakings has been that in spite of the statutory provisions, the accountability of our public sector undertakings is still at a very low stage. Firstly, the accountability of the public sector undertakings has to

be increased considerably. Secondly, the managerial efficiency and the personnel policy have to be rationalised on proper lines. Unfortunately, the equation in public sector undertakings seems to be that some of the old ICS officers or IAS officers and ex-servicemen—it is taken for granted—can offer better efficiency in conducting the public sector undertakings. Here in running public sector undertakings the efficiency aspect, the managerial aspect and the corresponding personnel policy have to be completely reviewed. I may make a passing reference to some of the suggestions that have been made by the Administrative Reforms Commission. It says that the personnel policy has to be revised and right type of man must be put for right type of job. And, unfortunately, in a number of public sector undertakings this particular aspect has been completely lost sight of. A new norm relating to formulating of targets has to be established in public sector undertakings. Some times, I am shocked to find that the very same officers, the very same experts who are working in private sector undertakings, when they try to move up to the public sector undertakings, do not produce adequate results. The only reason seems to be that there is a coercive element that exists in the private sector. They are held responsible for the failures; and if these elements exist in private sector, for the good of the nation and for improving the efficiency of the public sector, some of those norms should be utilised even in the public sector. And therefore, time has come when, in the public sector project and undertakings, we must fix up the targets; and in the case of those who have a managerial failure to achieve these targets, necessary stern action has to be taken. I mean, if that type of coercive element is introduced in the public sector, may be that the public sector will be able to give still better performance. Not that in all the spheres of public sector, there is inefficiency. I think a very wrong equation has been built up in this country that public sector means in-

efficiency. public sector means corruption; and that the private sector means that they are paragons of all values and all ethics. You cannot have a rigid division at all. There are certain sections of the public sector which have been efficiently built up; and still other sectors have been effectively built up, provided some of the norms that I have suggested over here, are effectively implemented. There is one aspect from the point of view of workers that is to be attended to. It has been the consistent grievance of the workers working in the public sector undertakings that the principle of parity in various public sector industries, has not been accepted. And, therefore, sometimes, if, in order to improve the efficiency of a particular public sector undertaking or some experts are to be shifted and some officers were to be shifted from one undertaking to another, sometimes there is a psychological resistance that is offered by them. The workers also refuse in the minds of some of the skilled workers and some of the best type of workers who are to be utilized in some other undertaking, there is a psychological barrier created to go to some other undertakings, because the principle of parity has not been accepted in all the public sector undertakings. And, therefore, if this principle is to be accepted, not only in terms of the interests of the working classes, but in terms even of improving the efficiency of the public sector, this particular aspect has to be borne in mind. Sir, if you look at the condition of the working class and the labour relations in various public undertakings, even to-day we find—after 27 years of freedom—that the working class and the workers in the various public sector undertakings are not at all governed by identical and uniform labour laws. It is, therefore, highly essential that a central, uniform, labour legislation should cover up all the interests and labour relations in various public sector undertakings; and if that is done, probably the problem can be tackled more effectively. Cursorily, I would like to refer to the development of backward areas; and

in that context, also to the growth and development of small-scale industries. Sir, very often, Government talks of removing the regional imbalances. They talk of giving more incentives for the development of backward areas; but in reality, we find that in spite of the tall talk of removing regional imbalances in the country, there are large number of backward areas. They remain completely under-developed or undeveloped, because the necessary infrastructure is not at all built up; and it is here that I have pointed out in the very beginning, that a coordination between various Ministries has to be effected. Just to illustrate the point of view, will just pick up one instance, from which the lack of coordination should become extremely clear. I know that that particular aspect strictly falls within the jurisdiction of the Steel Ministry; but I am taking up that illustration only to indicate the point; and that will be relevant for the other industries in the backward areas also. Take for instance, the backward regions of Konkan in Maharashtra. It is accepted on all sides that it is absolutely necessary that some industries have to be developed in the backward regions; and they have decided that the aluminium project should be built up under public sector in the Ratnagiri region of Maharashtra. Sir, you will be surprised to know that the estimated expenditure on this aluminium project is Rs. 75 crores. For the 5th five year plan, the amount that has already been sanctioned is Rs. 50 crores; but as far as the construction work is concerned, everything is at a stand-still because, though the approval has been obtained, the sanctions have been made and we have repeatedly been told that in spite of the rise in the price level, even if the expenditure goes up the project will not be discarded—only nominally; they exist on paper—due to a number of constraints—economic and financial constraints—you find that in the backward region of Konkan area, this aluminium project has not gone into operation. The construction work has not begun.

15.00 hrs.

It is not to be treated as an isolated problem, because if there is a failure of such public undertakings in backward regions, then there are consequent failures in other fields also. For instance, repeatedly we were told, that if in a backward region like Konkan the railways is to be built up, industrial development in that particular area will have to take place effectively. If we raise the issue of having an all-weather port in the Konkan region, we are told that industrial development in that area has to take place in which case the feasibility report for the building up of the Konkan railways will be taken up. If the aluminium project falls through, if the caustic soda plant does not come up, in that case, the necessary feasibility report for the railways and the all-weather port would not be taken up and there will be consequent failure in the field of industrial development. Therefore, I would suggest that this problem should be attended to.

The credit facilities and subsidies that have to be made available to the small-scale industries, particularly in the backward areas, is a problem of great importance. Here I would particularly refer to the cashew processing industry in the backward coastal region which is of great importance. It is small-scale industry.

In spite of the assurance given by the Finance Minister in connection with the facilities to be given by the banks regarding credit concessions, it has been the consistent complaint of many coastal areas in the country, from Kerala, from the coastal areas of Maharashtra and a number of other areas that in respect of the concessions to be made available to the coastal areas for the setting up of this industry, they are simply not available with the result that the small-scale industries are not being built up at all. This particular aspect has to be attended to.

I would conclude with one suggestion. Whenever we refer to certain failures and lacuna in the Ministry, we are always told "that is not our concern, but the concern of some other Ministry". I hope and trust all the Ministries are integral parts of the same Central Government and that we are not federal to the extent that one particular set of Ministers have no relationship with the other Ministers. Therefore, whenever the Ministers tell us either in the debate or in the correspondence that it is not within the jurisdiction of their Ministry, they are only building up a case for lack of coordination between the various Ministries. I hope and trust that coordination would be established and industrial development, specially in the backward regions, would be taken up.

SHRI K. MALLANNA (Madhugiri): Mr. Deputy-Speaker, Sir, while supporting the Demands for Grants of the Ministry of Industrial Development and Civil Supplies, I would be failing in my duty if I do not mention my appreciation of the working of the Ministry, specially in the field of public sector, under the able, efficient and effective leadership of the hon. Minister for Industries, Shri Pai, when the public sector has regained its confidence.

We are rightly committed to a mixed economy under the existing system. Conceptually mixed economy means coexistence of both the public and private sector, subject of course to the parameter of socio-economic discipline laid down by the Government in respect of the private sector investment, so as to subserve the concept of social equity. The working of both the private and public sectors should be to promote the socio-economic gains. In democratic socialism the public sector has to play an efficient and effective role to promote social equality and justice.

The public sector undertakings are not only earning more profits but are

also increasing production. Increased production is one of the ways to check inflation. It not only checks inflation but provides the essential commodities used by the common men at reasonable and fixed rates. Compared to 1972, the production has doubled in 1973. Almost all the public sector undertakings have either exceeded or reached near the targets. I do not want to discuss the profit or production of each unit in detail. May be in some units the production has gone down but overall production has gone up. So far as profit is concerned, for the last three years, the public undertakings are working on profit. In the current year, it is expected to be 200 crores. It is really appreciating.

All this is due to improved performance in the better utilisation of the capacity, in spite of power shortage, poor management and labour unrest. I don't say fuller utilisation. I say only better utilisation. If the relation between the management and labour is improved, I hope the production and profit will still be also increased and meet both internal and external demands.

If the public undertakings work efficiently and to their fullest capacity, it achieves social gains and helps in achieving socio-economic justice. By growth of public undertakings, there will be security of jobs both for technicians, intellectuals and weaker sections of the society and stability and security of prices of essential commodities.

And another important thing is that there is no scope for economic crimes like adulteration, generating of black money and sub-standard things.

Sir, regarding the working of the public sector, it needs investment, incentive. Our public undertakings require investment. Investing money from selected areas, from labour, low income group and middle class is required. This would be one of the

ways of finding the capital. It would group additional earnings of lower income groups and it is an anti-inflationary measure. It would enable members of the community to participate in the profits of public undertakings or share their burden. It would give a sense of involvement and sense of belonging to the public. This participation by these groups will definitely not weaken the sector; in fact, it strengthens it by the vigilant act of the public. Now it has become more bureaucratic rather than people's sector.

This should be done even in private sector where the major assistance is from public financial institution and where the essential commodities are produced.

In both the sectors, the Government will have held. With its control in determining the financial investment policies and choice of management, etc. In this way, both public sector and private sector producing essential commodities could be enlarged. Then there will be social justice and security of price and employment.

And another thing is that the investment by labour, middle class, lower income groups will improve their living standards by the profit earned.

Regarding utilisation of capacity, I want to say, a few words. In public sector undertaking, under-utilisation may be due to shortage of power, labour unrest, poor management, lack of managerial talent. The Government should find out the way. Under-utilization may lead to under-production, loss, unemployment. Now, the management of public undertaking means bureaucratic. By participation of labour, lower income group in the management, as shareholder, may lead to better and fuller utilisation of the capacity.

So far as private sector is concerned, where the sophisticated or luxurious goods are manufactured,

there is over production to get more profits. They are exceeding their licensed capacity and earn more profit. Thereby the power, the capital will not be available to the industry which meant for core sector producing consumer goods. If we take the foreign sector, almost all of them are engaged in sophisticated goods, like, Coca-Cola and cosmetics, in the name of technical know-how. Our country has grown sufficiently in technology and technical know-how. The foreign sector earnings lead to a lot of drainage of foreign exchange.

Allowing the foreign sector and private sector who are engaged in producing the sophisticated goods, naturally, at this critical juncture, will reduce the production of essential goods. It is being done at a time when the capital is scarce and there are a number of trained un-employed persons and there is an urgent need to reduce the prices of goods for internal market and external market. The poor utilisation of capacity locks up the capital and increases the costs and prices and lowers the employment opportunities. The under-utilisation of capacity has resulted more from poor maintenance and management inadequacies than from lack of incentives. If lower capacity utilisation was due to shortage of power and other inputs, the production of sophisticated goods should have also suffered. The implication is that the industry is pre-occupied with profits, not with capacity utilisation, for example, in the manufacture of controlled cloth and other essential goods.

So far as the development of backward areas is concerned, so many hon. Members have said about it. I do not want to say much about it

As regards the development of industries in backward areas, small-scale industries and medium-scale industries should be encouraged. The concentration of industries leads not

only to non-development of backward areas but also so many other problems, like, health, labour unrest, etc.

I would request the hon. Minister to give more concessions regarding supply of raw materials, easy availability of financial assistance, subsidy, machinery, priority for supplying machines on hire-purchase terms and security for manufactured goods. Then only the industries will develop which can remove the regional imbalances.

With these words, I support the Demands for Grants.

SHRI NIMBALKAR (Kolhapur): Mr. Deputy-Speaker, Sir, as I support the Demands for Grants of this Ministry, I do so knowing full well the background and the difficulties that this Ministry has had to face and to overcome them.

Shortly after freedom, when our Industrial Policy was being formulated, Pandit Ji took the same view as the West Germans after the Second World War took. Whereas in the case of West Germanys, the industry was razed to the ground, we had hardly an industry to talk of. So, Pandit Ji, like West Germany, wanted to start with the best technology, at that moment, that was available. That is why he went in for massive industrialisation, not in the small scale sector but in the large scale sector and mostly in the core sector. His idea was that once the core industry was properly developed, then, it will be possible later on to encourage the small-scale industry.

Unfortunately, by the end of '50s, the political pressures were more to bear upon him because many of the people around him, the politicians, were becoming impatient of the progress which could not be seen every where and they felt that since unemployment was also going up, the country should plunge immediately into the small-scale sector also.

Thus, the modern type of small scale sector that we see today, was born a little prematurely with the result that, today, there are many small scale industries which have to close down because of lack of raw materials or other inputs. It is against this background, together with the fact that our financing of the agriculture sector has been rather lop-sided, that we find all the difficulties which Mr. T. A. Pai was made to face after he joined the Cabinet and meandered from the Railway Ministry to the Heavy Industries and then to his present portfolio. It was also round about the time that Shri Pai joined this Ministry that it dawned upon the Government that giving up the core sector or not giving enough attention to the core sector would not pay. You will find, therefore, that in the Fifth Plan it was decided to give more weightage to the core sector because, without the core sector functioning, it would not be possible to meet the needs of the small sector. Therefore, a beginning has been made where a greater emphasis is now being put on the core sector. At the same time, thanks to the efforts of the Minister of Industrial Development, even as the Ministries through which he went are now functioning better, the core sector has been given greater importance and now, in the case of the small scale industries also, he has a similar idea and approach to the problems—which I think even Pandit Nehru would have been happy about in his time. The pattern of mixed economy that was thought of by Pandit Nehru was of the kind we witnessed in Sweden. And this has been brought, in certain ways, to bear on the present industrial development in our country also. Therefore it is that you see that sometimes Shri Pai does not shy away from giving licences to the private sector in a particular industry which might have been reserved for the public sector. In the small scale industry, he has come to their help in this manner; he has not shied away from giving licences. That is the pattern which has also started in Sweden,

and I welcome it very much, not in the sense that I like the public sector or the private sector, but from the point of view of what is good for the country. That should be the overriding factor in developing the economy of our country.

I have, however, one little grudge to bring before the Hon'ble Minister, which I am sure he can overcome—and that is about the number of meetings that take place in the Small Scale Industries Board. I was myself on the Board for two years and during the entire period of two years, there was only one meeting of the Small Scale Industries Board and, during that one meeting, I had to spend five minutes on the question as to why there was no meeting every six months. I don't know what has happened afterwards. But one thing which I may say is that at the time I attended the meeting Mr. Dharia was in the Chair as, though Mr. Subramanian was at that time the Minister, he was sick and could not attend, and he had said that he would see to it that the meeting of the Board would take place in six months. But I am told during the last four years the Small Scale Industries Board met only thrice. I wanted to mention this particularly because I was very much exhilarated by the suggestions made by the people who came there from all over the country to attend this meeting. Of course, we also come to Parliament from all over the country; but they were experts and they could give good advice to us—and we are not giving full opportunities to these people to give us their advice. So I would like the Government to see that the Small Scale Industries Board meets once in every six months.

I do not want to say anything more. But I want certainly—it is seldom done in this House—to support what Prof. Madhu Dandavate has said about development of the Konkan area. Shri T. A. Pai, when he was the Railway Minister, gave a promise that he would bring a railway line to

the Konkan area; he added that, if industries developed there, it would be easier for him to bring the railway line. Now he is the Minister of Industry. I would request him to develop industries there and then the Railway Minister would see to it that they bring the railway line.

With these words, I support the Demands for Grants in respect of the Ministry of Industry and Civil Supplies.

MR. DEPUTY-SPEAKER: The Minister is scheduled to reply at 3.30 p.m. I can accommodate one more member.

Mr. R. N. Barman.

*SHRI R. N. BARMAN (Balurghat): Mr. Deputy Speaker, Sir, while rising to support the demands for the Ministry of Industrial Development and Supply, I would like to say a few words about the problems of industry in West Bengal. On 26th March I had tabled a question (No. USQ 5001) and had enquired of the Government "the growth rate of industrial production in West Bengal during the last three years—year-wise. "In reply the Minister Shri Pal had stated that "the official index of Industrial production as computed by the Central Statistical Organisation, is prepared on an All India basis and no State wise figures for growth in industrial production can be obtained from these data. The result of the Annual Survey of Industries which gives State-wise figures of Industrial output are available only upto 1970 and therefore, it is unfortunately not possible to give the growth rate of industrial production in West Bengal during last three years."

From the reply it is clear that we have no arrangement at present whereby we would be able to know the progress that is made from year to year in the different States in so far as the industries are concerned. It is also regrettable that the Annual

Survey of Industries which published statistics of industrial growth is not upto date and in fact the figures for the last five years from 1970 to 1975 are not available. This being the state of affairs my first question to the hon. Minister would be as to why the Annual Survey of Industries is outdated by 5 years and why the statistics have not been brought upto date. It is not only a matter of regret but also surprising, that the Ministry of Industrial Development does not have any apparatus or arrangement which will indicate the rate of growth of industries in the States from year to year. All around the country there is a big hue and cry and everyone is clamouring why the industries are not making progress. The Annual report of the Ministry says that last year the rate of industrial growth was 0.6 per cent and compared to that this year it is going to be 3 per cent. But this is an All India picture. What is the picture of States and their development? Why are we being kept in the dark? How can we make a current assessment of the problem unless we are given the necessary data about the growth of industries, I mean the different industries and also in the different States. If the annual report of the Ministry does not contain a table indicating the number of industrial licences issued to the different States in a particular year, the progress made in setting up of industries against these licences, the quantum of financial assistance given by the Public Financial Institutions, the reasons for the lack of growth etc. is given, the discussion in this House would always be lacking a good base. In the absence of such information available at one place we have to hunt out such information from newspapers and have to depend on what the newspaper correspondents may kindly publish about the industries and we have to proceed on those facts assuming that everything is correct. Therefore, my first demand is that

*The original speech was delivered in Bengali.

from the next year the annual report of the Ministry should contain a table giving all the information that I have referred to just now.

West Bengal was once on the top of the list of industrially developed States in the country but today the industries in the State are passing through very difficult days. The economic development of the State, to a great extent, depends on its industry but unfortunately excepting jute and engineering industry other industries have not thrived as well as they have done in other State; As compared to other States investment in other industries is also not so adequate. But even the two important industries of West Bengal, the jute and the engineering industries, are in a very bad shape today. I would first like to take up the jute industry. The Jute industry has to depend entirely on exports for its development. Of late the demand for Indian jute goods in American and E.M.C. countries has fallen considerably and even the demands from the U.S.S.R. have not arrived so far. All these are having a bad impact on our jute mills. Not only in India the condition of jute mills in Bangladesh is not very happy. I think both the countries are in the same plight almost. From the information coming from Calcutta we understand that one jute mill has already been closed down and other jute mills are proposing to cut down their production by 15 to 20 per cent. If it turns out to be true then nearly 30,000 jute mill workers will lose their jobs. At present 7,500 jute mill workers are in lay off. If immediate remedial measures are not taken we will be faced with a crisis in so far as jute industry is concerned. Why has the foreign demand fallen? As compared to the synthetic goods of the West the jute goods manufactured in our country are costlier. A few days ago under the leadership of the Union Secretary, Shri Bose Mallik, a deputation had gone to America to assess the situation and find out ways to improve the sale of jute goods in foreign countries. It is reported in news-

papers that the delegation after a proper study has suggested that some relief in excise duty should be given to our jute goods so that they become more competitive in foreign market. But till today we do not know what decision the Central Government has taken about it. I would therefore like to know from the hon. Minister by what time this important decision will be taken. While no doubt this decision will help the industry to have a better competitive strength in the foreign market, it will by itself not solve the problem of the industry altogether. We have to think of a permanent solution of the problem and this can only be achieved through diversification of products. Unfortunately the jute mill owners of our country have always thought of making profits and to keep it to themselves. They have always pleaded with the Government for giving them more and more export benefits and on many occasions in the past the Government have conceded to their demands because it earns foreign exchange for the country. But while all these are being done by the Government the industry rather the industrialists have not spent anything out of their profits for research nor they have spent anything for modernisation of the plants. As a result the machinery is worn out and we are in the same old rut and our products are not selling. I would therefore request the Government that they must take steps to ensure that the profits made by the jute mill owners are ploughed back in the jute industry only and they are not allowed to be diverted to other industries for considerations of higher profits. Secondly, it is also regrettable that the procurements price of jute has not been announced as yet and if it is delayed further the sowing will be affected adversely. Therefore, the procurement price should be announced immediately and the prices should be increased to make it more remunerative for their cultivators to grow more jute. Thirdly, we have to negotiate and have dialogue with the Bangladesh because it is necessary that both the countries which pro-

duce a great bulk of the world's jute in this time of crisis, must develop a joint strategy to deal with the problem which affects them equally.

Sir, I would now say a few words about the wagon industry. The wagon manufacturing units in the country are mostly located in the Eastern region. These units manufacture wagons for the Indian Railways and the prosperity of this industry directly depends on the orders they receive from the Railways. Four of these units are now under the Central Government. The Planning Commission has estimated that by the end of the 5th Five Year Plan three million tons of Indian goods will be required to be transported and for that we will be requiring one lakh additional wagons. But unfortunately due to paucity of funds the Railway Board was forced to cut down their orders for wagons and this has created a crisis for these wagons manufacturing industries. It is equally sad that the Railways demand for wagons do not follow a planned pattern. Some times it is increased but soon they are decreased too. It is now being heard that the Railway Board have approached the Planning Commission for sanction of increased allocations of funds so that they are able to place orders of increased numbers of wagons with these industries. I would like to know in this context the progress that has been made in this matter and in what way the Government is going to protect the interest of the workers of this industry who are likely to be hit severely for want of orders. A big industry such as the wagon industry cannot depend on the Indian Railway orders alone. We have to look to new pastures and have to book foreign orders and in this sphere the Ministry of Industry and Export have to play a significant role. It is equally necessary that we have to think of manufacturing new items in these factories so that the capacity is not allowed to lie idle and consequently lead to lay off and unemployment.

Finally I would like to submit that financial investment in new industries in West Bengal is not at all encouraging though the industrial climate has improved substantially than what it used to be a few years ago. The number of industrial licences issued is also not inadequate but the constraints of finance is a real problem which both the Centre and the State Governments must jointly discuss to find out a solution. Still today a large number of engineering units are lying closed down and a large number of their employees are still out of job. The Industrial Reconstruction Corporation is having its head office at Calcutta and therefore I would like to know the number of sick engineering units which have been helped by this Corporation so that they are able to start their production once again and how many persons have been benefitted as a result of the assistance given by this Corporation.

I would conclude my speech by stressing upon the fact that West Bengal tops the list of the States having the largest number of educated unemployed youth in the country. To these youngmen we have to provide jobs either in factories or in offices and this would not be possible unless we are able to effect an improvement in our industrial structure. Obviously we cannot keep these educated youth unemployed for an indefinite time for it will create its own repercussions and therefore I would urge upon the hon. Minister to consider this issue very seriously and find out solutions, so that the growing problem of the unemployment can be tackled before it becomes too late. Once again supporting the demands of the Ministry I conclude my speech.

THE MINISTER OF INDUSTRY AND CIVIL SUPPLIES (SHRI T. A. PAI): Mr. Deputy-Speaker, Sir, I am very grateful on my own behalf and on behalf of my colleagues as well as officers of my Department and all those

who are working in the public sector units under my Ministry for the complimentary things that have been said about us. I can only say that we shall try to deserve them.

15.31 hrs.

[SHRI VASANT SATHE in the Chair]

I wish the Opposition was present here in all its strength because I, for one, would have welcomed any kind of criticism and perhaps had I been hammered better regarding the policies and functioning of industrial development in the country, it would have at least made for some clarification in which direction we have gone wrong, where we should go, how many of the problems that have confronted us in this country have been solved and how we go. But, unfortunately, there does not seem to be any belief in the collective wisdom. Though it is always demanded that 'we should be heard', but when I am prepared to hear, unfortunately, I find that there is nobody. The few observations that we made were done in a manner which is perhaps just as a routine. I would have welcomed any amount of criticism and any kind of constructive criticism because the problems that are facing this country are not of a small magnitude.

Industrial development has taken place. Since independence we have gone far. We have become one of the most industrialised countries of the world ranking sixth or the seventh in the world. The very fact that in the course of these two years there have been two major events, one (1) the explosion of a nuclear device and (2) going into the space, would not have been possible but for the industrial development that has taken place in the country. We shall certainly be long with the scientists. The industrial development also has contributed and provided all the muscles and arms to the scientists to achieve this breakthrough.

But this does not mean that we have been able to tackle the ordinary problems of the common man through this vast industrial development that has taken place. There are areas where we are deficient. Our problems of unemployment have been becoming bigger and bigger. Our growth is not as fast as one would wish. It is easy to blame the Minister or the Government or anybody. But I think we should all realise that a new approach and a new outlook also is necessary. To-day somebody was referring to conditions in the immediate post-war Germany or the post-war Japan. I can tell you, we are to-day having, whatever the problems are, a much better infrastructure than most of those countries at that time had and given the will, we should be able to make a tremendous progress and go far. It is left to us. But I know that the Industrial Development Ministry, many people seem to feel, can produce anything. We can only issue licences. Industrial development has to be a process of development with the involvement of the people all over the country. Backwardness cannot be removed only by a declaration of their being backward. Backwardness cannot be removed by my issuing industrial licences. Let it be clearly understood that how the people can be advised, what kind of a new enthusiasm we can create in the people in solving these issues—these are issues on which I would like very much like to be guided because it is unfair to have the right of veto and say that whatever I did is wrong. I would like to know what exactly is the thinking of the representatives of people in this country on these matters. That would have given me some guidance in a way. I can only say that so far as I am concerned, I would like to make clear before the House some of the problems of the country as I think as they exist.

The state of economy as it obtains to-day has been variously assessed by different expert agencies in recent months. While it is not necessary to

go into the intricacies of an expert appraisal, I must say that we have the distinction of being one of the very few countries which have been able to contain inflation because only some-time ago when I was in London, I found that the British Government had said that if they could contain their inflation to below 20 per cent this year they would be thankful. Now in a way, whatever measures we have taken, we have taken, we have succeeded in arresting the double figure inflation we had last year. It has now been contained. We are going at the rate of 7-9 per cent.

PROF MADHU DANDAVATE: We are better than Brazil and Vietnam.

SHRI T. A. PAI: I say, you should be grateful. Please don't be sorry for that, because, no progress is possible if inflation is high. You know—I need not say that, because the Professor knows it—that inflation hurts the poorest people much more than anybody else and it is our duty as I think that as a national policy inflation shall be contained. Inflation may make for larger profits in some industries for the time being. It might create a much better wage in terms of money for some people, but, ultimately, what happens in real terms should be our concern. It is only so because no industrial growth can depend upon inflation and a condition precedent is an amount of stability in the economy which we should always try to achieve. Index of whole sale prices has come down by about more than 6 per cent in the last six months. But I do not say that we have reason to be complacent. It is possible that if we do not take such steps as are necessary to increase production, increase investment in proper directions even the anti-inflationary measures might not contain inflation or what we have been able to achieve so far. The House would agree it is a continuous effort that is called for and no kind of self com-

placency can be permitted in a situation like this.

When I say that during this year we must have a growth rate of 7 to 8 per cent, many people say, is it possible? Last year growth rate was 3.5 per cent. I would not say that my Ministry has been responsible for this miracle. I have been saying as long as there is an installed capacity and if we could have an effort even to see that it is utilised, some growth must be possible. While we have been talking of further investments and all that, if we are not conscious that the existing assets are not being properly used—existing assets of installed men and installed machinery either on account of ideology or on account of one reason or the other, we cannot forget that these capacities have been created out of the borrowings from abroad for which our children and grand children will be committed for the two generations and they have been created out of public financial institutions who are mobilising savings for our people. To have created this capacity and not to use it, perhaps, is not national at all. One simple thing—we created a small cell only to take care of movement of coal to the cement plants and we persistently co-ordinated with the Railways and the coal mines—CMA—and one simple exercise has helped to see that the production in six months went up atleast by one million tonnes. Whether you could not have gone to 2 million tonnes? Even the removal of small bottlenecks in economy like this can improve the situation. I think a little attention here or there will greatly help. As a nation whether we are re-acting very fast to the changes or whether we are just having a complacency when the problem of growth of poverty is a persistent factor in our economy to be taken care of, I do not know? Whether it is our administrative machinery, whether all of us are conscious while space research is important, whether

time research is not equally important, because we have seen whether the projects in the private sector or the public sector, if they are not completed in time, if the investment is not carefully undertaken, the delays result in escalation of cost. In our economy where the resources are scarce, we find that to do the same job we are called upon to find more and more money and, therefore, it is quite relevant whether the old habits of the nation can continue or that there should be some sense of urgency when the real problems of the nation are urgent enough to be tackled very seriously.

I have said it is possible to achieve the growth rate of 7 per cent. But I know this is possible in the light of the fact that steel production is a little better; there is higher coal production. But we should be able to get a little more out of installed capacity of our plants, though I do not know, I hope that nature will be in our favour and hydro-electricity problems in many States will be considerably lessened. We do not seem to have short term solution to this but still we may have to go into management aspects of these problems.

I think State after State are going in for power cuts varying from 20 to 100 per cent. I do not know what the industries can produce with this kind of uncertainty. I have been pleading that this position may be made known to the industries also and the available power carefully managed. The Ministry has tried to see that standby power plants are permitted to be started where there is a power cut of more than 20 per cent. They will be given also diesel so that these temporary problems that they have may be got over. So, this is one thing which we have done.

Actually, these are problems which every nation has got to face at one stage or the other. The capacity of the nation to intelligently solve these problems is a part of the management

technique rather than to stay-put and say what we can do nothing about it. This 7 to 8 per cent growth is possible. But it is not one years performance about which alone we are concerned with. This growth should be consistently maintained over a period of years. It is not a question of my giving a few licences to West Bengal that will solve the whole problem. It is not a question of solving the problem of Konkan which is being to solve the whole problem of the country. We should try to know what has gone wrong in achieving this growth rate. This is equally important.

Hon Members have made points regarding the public sector units. Mr. Kartik Oraon asked: Do you have reason to be complacent with the performance of public sector units? Where they have functioned well, one must be complimentary. There is no doubt about it. One of the bane of our public sector is this sort of incessant criticism against them. Those who are running the public sector are entitled to be criticised by anybody and everybody but while they deserve criticism sometimes, you must not forget to give them praise where they deserve them, pat them on the back when they have done some good things. The scheme of extra production bonus alone is not enough. Sometimes, this sort of pat on the back is also necessary, which has got to be appreciated.

Prof. Dandavate said that we should insist on a certain return, and that we should encourage these industries to get these returns. I entirely agree. After all, what is the difference between the public sector and a private sector, except the ownership? Its management has got to be absolutely businesslike. It is not necessary that a public sector needs 5,000 acres before it starts. If any State Government is prepared to acquire it for you, that State Government will ultimately get into overdrafts! And once you acquire this land, you will have to put up a beautiful fence which will

not add to your production. The priority may go wrong because you spend more on administrative buildings rather than for going into production. You cannot say, till the whole thing is ready, we cannot get into production. A project which could be completed in three years or five years goes on for ten years. Then you find that it has become very expensive and its starts functioning with backlog of losses. These are problems which could easily be solved. We have now taken a decision that in future we shall not go in for land that is not necessary, not to have expensive administrative buildings except out of profits. Before we start the project we select the men who will be responsible for the same so that no alibi is provided. Also we have seen that with change of attitude one can bring about considerable improvement. In the 14 public sector heavy engineering units which were entrusted to our care, we have a production of Rs. 281 crores in 1972-73; we fixed the target, raising the production to Rs. 409 crores in 1973-74.

Further, we enlarged that target and it is Rs 557 crores in 1974-75. That means, in two years, we have doubled this production.

You may now ask me—have you utilised the capacity fully—not in all units—because, the practice was to wait for ten years before you caught up with your full capacity. The practice was not to be on the look out for orders but to wait for orders to go through various plans which was absolutely wrong. May be, some of the public sector projects were created entirely to satisfy the needs of the country. But, somehow, a situation has come when perhaps we are not in a position to use the capacity. There were losses in these units—they were Rs. 13 crores in 1972-73 but they were converted into a profit of Rs. 11 crores in 1973-74 and Rs. 31 crores in 1974-75.

Now, this is an achievement. Somebody asked—what is your pricing policy? Right from the beginning, I had said that the prices of our products should not be more than the landed cost of the corresponding imported products. I had insisted on this—it was not possible in the past—that the commitments for delivery should be honoured because, our clients or other public sector projects, if costs gets escalated, would be loaded on with these costs and, if the time gets escalated, other projects also become expensive. Even when the Bureau had permitted us to charge 10 per cent extra, I had given direction that no unit of ours must claim this privilege and that it must quote the rate without that 10 per cent. Because some of our units have been able to get international orders also, this clearly shows that even against the world tenders, it has been possible for some of these units to do very well. I may tell you that the production figure target that we have fixed is Rs. 720 crores. Now, I have problems—problems of power shortage, industrial problems and raw material shortage and now money shortage problem, some times. But, I think we have got to learn whether, in the public sector or the private sector, how to manage all these things no ideal conditions could be created. A successful manager is one who manages with the problems. Otherwise, he cannot be called a successful manager. We have specifically insisted upon this. Somebody, said yesterday that these projects had started making profits because we are now paying labour more. I think Shrimati Roza Deshpande said that it was because we are now paying our workers better. I must tell her that we used to pay them better also before. I would say that the workers in the public sector should not be insulted that their performance depended upon their getting money. Unless there was a due sense of commitment this production would not have been possible. In a unit like Bharat Heavy Electricals, to

my very pleasant surprise, I found that the Joint Management Committee representing the AITUC and INTUC and the management, there was not one single manday lost last year which is something of which we should be very happy about. The point is whether we can repeat it in other organisations. I am not saying that it has happened in all the other units. But, I am telling you that here is one unit where the production has been raised to the full capacity with the management and workers acting together. In fact, in one year, the capacity has exceeded—it has worked upto 110 per cent. In fact, its production in 1974-75 was Rs. 310 crores which was 34 per cent higher than Rs. 231.14 crores of last year. Their profits would have been higher by at least Rs 14 crores. But, they have not been able to collect their dues accumulated now to Rs. 150 crores from some of the electricity boards and departments of Government. How can you except a very big unit to work very efficiently where such outstandings are permitted? At least we have become now a financier and not the supplier of the equipment. At one time I thought of imposing penalty of interest but when we are not able to collect the principal, how can you expect us to collect the interest? Somehow all these difficulties in our systems must be taken note of and a time has come when the nation has to go forward willing to give up its inefficiencies and there should be no self-complacent attitude or alibis provided. Last year, we made this profit in spite of the fact, as hon. Member Mr. Banerjee knows, that we have brought about the standardisation in the pay scales of the heavy engineering units. The total salary bill has gone up by Rs. 22 crores in one year. In regard to HEC, I expected it to break through this year. But, we could not get its production up by Rs 9 crores because we failed to get the components from Soviet Russia. A part of it may perhaps come this year. Again, there is an-

other thing. We have been talking of self-reliance and we have been preaching self-reliance to the private sector. But, I have also given a directive to the public sector units that they have got to indigenise themselves as quickly as they can and that no kind of excuse will be permitted saying that these components have not come from here or there. It is their duty to develop these in the country itself with all the technical manpower we have. I do not think that in this country, we can afford to have any kind of delay or loss in production on account of these factors.

In regard to the other units which came to me in the Industrial Development Ministry, which had made a loss of Rs. 3,87,00,000 in 1972-73 and Rs. 2,21,70,000 in 1973-74, I am glad to say that they have made a modest profit of Rs. 38,88,000. You may ask me, 'Are you satisfied? Is your capacity fully utilised? I do not say I am satisfied. But, I think, these plants are today confident, having achieved what they have they should be able to give continuously better performance hereafter. The morale of the people working within an organisation, the image that they have, cannot be different from what the other people have about them. If the people in an organisation are told that it is a failing organisation, what will they think? Now that they have succeeded, they feel that this accomplishment is possible for them. Now, BHEL is almost reaching its full capacity in producing power equipment. Sir, there is also another problem. When you do your job, you get out of orders. Our problem is that in 1975-76 and 1976-78, most of the order books of the BHEL, I think, will get exhausted. Now, this is a country which is power-starved. We have all the equipment to make. But, we do not have the money to use it. Some of these problems will have to be got over because today we have built up this capacity to get our problems solved to a very large extent.

But, I think, we will have to make up our mind as to how we are going to do it.

I have taken particular pains to explain it in some detail because a large part of cynicism in our economic policies in terms of the structural concepts stems from a varying degree of mis-giving with regard to the capabilities of the public sector. It is not necessary for me to go into the depth of the criticality of the public sector in the economic context of our country.

Let me also mention another thing. Out of a total investment of Rs 6,237 crores in the public sector, my Ministry is responsible for a total investment of Rs. 845 crores. It is only about 14 per cent. The units that we have represent some of the biggest engineering units. But in my view, the performance that they have been able to show should be an evidence that the public sector is capable of solving its problems. As I have always been saying, if all public sector units start paying even 10 per cent return, most of our inflationary problems could be got over and there should be no complacency about it.

It is not necessary for me to go into the depth of the criticality of the public sector in the economic context of our country. But what has to be emphasised is this, that this shortcoming which has so far been felt in the public sector is mainly its incapability of earning a return which is now in the process of being completely removed. This will result in a higher momentum in the overall economic activity of the country and also widebased investments.

It will also enable us to feel, with a certain amount of cautious optimism that the period of stagnation which it has created in our economy in the industrial sector for the last three/four years has been broken. The contribution of production in the industrial

sector in GNP is comparatively low in this country. It has, however, been acknowledged that the growth potential in the industrial sector is much higher than either in the agricultural sector or in the services sector which constitute the GNP. It is, therefore, essential that growth in the industrial sector must be not only higher but substantially higher than the growth in the population. In order that the rate of growth of GNP can be kept at a level much higher than the growth of population, there should be a positive growth in industrial production.

It is also necessary at this stage to emphasise that in the industrial sector as also in the agricultural sector growth *per se* does not necessarily mean a complete objective. We are interested in achieving in the gross structure a certain element of quality in terms of initiative, distribution of income and prosperity. In our socio-economic context, growth in industrial production has no meaning at all unless it is accompanied by distributive justice. Therefore, in our context, the process of achieving growth in terms of production and in terms of distributive justice must necessarily be fused together. In our present conditions, continuous economic growth is an imperative, but it does not mean that we could do away with our responsibility for social justice. The choice between economic growth and social justice, like so many choices in human affairs, is not one to the exclusion of the other, but how much of the one and how much of the other so that we could at any time have a judicious balance to meet the situation.

We have to clearly bring the *raison d'être* of the role of the state in the economy of the country. Recently quite a few things have been said about the erosion of the concept of mixed economy and apprehension of a slide towards totalitarianism in the economy. In the first place, as far as

I am aware, there cannot be any concept of a totalitarian economy as such. Totalitarianism is basically a political concept meaning concentration of political power. Possibly what is meant is greater government control over the means of production. We have first to analyse the rationale of government involvement in the economy in an under-developed country like India. For an appreciation of this phenomenon in its historical context, it is necessary to appreciate the economic goals which were set before the country as co-efficients of political goals. Economic goals clearly mean a better standard of living for the larger masses of people. Gandhiji used to say that the ultimate cornerstone of all governmental action should be how it would affect the common man in the village. He said that advisedly because the common man in the village represented the greatest common multiple of the Indian people and if any action of the Government had no relevance to him, it could not be worthwhile.

When we became free, we inherited an economy which was agriculturally backward and industrially under-developed. Millions of people who had lived in despair, denial and darkness had to be brought into the mainstream of national life. Their needs for food, clothing, shelter and education and also employment had to be met. The economy, as a result, had to be organised in the principal production areas as a first step. Income levels were very low. There were no savings worth the name. The rate of investments was also low. We have, therefore, to build an economic structure which will give to the country security, sufficiency and also self-reliance.

There is no point in saying that socio-economic goals like balanced development of all parts of the country, redistribution of income, equality of opportunity, assurance of minimal needs of the people should be set aside while planning economic development to be achieved merely as a

concomitant of growth and this should not be and need not be worn into the basic structure of growth. It is not possible to fasten the economy and to put a system of planning without setting out in clear terms the objectives in terms of social betterment. Growth per se does not have much of a meaning unless it is defined in terms of quality as also coverage.

16 hrs.

In a situation like ours it is also to be remembered that the welfare aspects of the State cannot be postponed till a certain level of economic growth has been achieved. The basic needs of the people have to be provided; the basic infrastructure has to be built. Society which has been fragmented and cloistered over hundred and fifty years of insulation and superstition has to be opened up. Intercommunication has to be established. These welfare functions consisting of social utilities and infrastructure in a country like ours became integrated to the total economic development pattern. There cannot be economic growth without concomitant growth of social utilities and infrastructure. The Industrial Policy Resolution that we have had therefore necessarily had to give the Government greater function, effectively to bring about a certain development which was beyond the means of the rest of the people and the role of the private enterprise was clearly defined as the agency of the nation to fulfil certain objectives and goals in terms of every five year plan.

It did not mean that it would be a free society where the Government controlled institutions would function in one way and the private sector could have its own way. I do not know why this kind of distinction should be made. Most of our difficulties come up because the private sector development or production is a permissive thing. We may give a licence to them; we may ask them to

go to a particular area but if they do not the only right we have is to cancel the licence. That does not mean that there would be production. What has happened therefore is that in an economy where the private sector cannot be regulated in the manner we want it to fulfil those very objectives, the public sector should have a right to step in and expand also horizontally in many sectors to meet the basic needs of the people at large. Unfortunately because this role is not fully appreciated, we have this conflict of people saying that the mixed sector is coming to an end or the Government is taking greater control.

I have been accused of coming from the private sector. I had said that I was born in the private sector; others were born in the public sector, perhaps!

PROF. MADHU DANDAVATE:
Every human being comes from the private sector.

SHRI T. A. PAI: I do not know; some people think that they are the only monopolists of the public sector.

SHRI PILOO MODY (Godhra):
You can take a look at them and see them, all products of the public sector.

SHRI T. A. PAI: After all, when the banks were functioning in the private sector, when insurance companies were functioning in the private sector, when an industrialist wanted any finance from them, did they or did not they put any restrictions which were more onerous? Was it free borrowing or if some of the industrialists were connected with those banks or insurance companies, did they give such terms and conditions to other rival industrialists? Were they not responsible for creating conditions of monopoly where the command over the resources could give them the status which others did not enjoy? What is it that they are

complaining about? They complain why part of the loans should be converted into equity. I think these are all dissipated questionings. Now at this stage of development the private sector should realise, if there is considerable public investment in the industrial units represented through public financial institutions, they have a right to question why production is not made, why profits are not made and why management is not carried on efficiently. I think it is a matter of prudent policy which every financing agency should adopt. Somebody in fact wrote about that because shares were good and the financial institutions are purchasing them, that is back door nationalisation. I think this is nonsense. For many of these financial institutions underwriting them, capital market being what it is, become undertakers and they have to take all the holdings themselves. The private sector wants the capital market to be sustained and in this process the public financial institutions acquire further shares. And the public financial institutions having had this investment, I do not think that it is open to anybody to say "don't question me; I shall manage as I like". In fact, the public sector financial institutions have a responsibility also for the small shareholders and I would very much like, in order to avoid this conflict, that there is a better aspect because as I see the responsibility of the Industrial Development Ministry is to issue licences and attend to the baby when it falls sick and certainly, I think, this exercise of coming to the rescue of an industry when it is practically with the out-dated machinery or calling for further investments is not a proper thing. It would be desirable that the financial institutions keep a continuous watch over the moneys and investments that they have made so that no institution is allowed to become sick. I say that it is necessary that we will have to ask our Financial Institutions to look into it and therefore, as the Minister for Industry, the problem before him is

not how many licences we have issued after we had our Secretariat for Industrial Approvals. Well, the complaint was that it used to take 18 months, 26 months to get a licence. We have disposed of a very large number of licence applications and today I suppose it is nearly double the number of licences which we issued in the previous year.

PROF. MADHU DANDAVATE: You are suggesting that the Financial Institutions should consistently keep a watch over them. If that is done, it would be a welcome phenomenon. But that is not being done according to your statement.

SHRI T. A. PAI: I am only emphasising that the private sector should not take it for granted that they would be regulated only under provisions in the Industries Development and Regulation Act. The powers to control the industries under the Act are totally inadequate. If I want to ask the paper factories to produce paper, I can compel them only under the Essential Commodities Act. So it looks ridiculous that in regard to a letter of intent given today, they can take one year to convert it into industrial licence, and two more years after that to bring the industry into existence. Now, it is possible when a large number of licences are issued and a few of them come into existence there may be an attempt at a pre-emption of capacity also because such of those who come later on may be told that we have already had enough of licences issued. Now, this has created serious difficulty to know whether the present Industries Development Regulation Act is adequate. I am not emphasising the regulation aspect of it. I am emphasising more the development aspect of it because after all we have regulated enough. Regulations by themselves have not created any creative conditions and I think we have to be positive if we do not want the monopoly houses to come up. It means everybody else who is not a monopoly house must be encouraged to come up and he should

not suffer any disability compared to what is happening. It means that the small sector should come into existence in a big way; it should mean that the public sector should not only have a commanding position but it should function because it is possible to bring the public sector into existence and if the public sector does not produce, the community will be held to ransom because in the same product manufactured by the private sector, if there are shortages created by the public sector non-performance, the beneficiaries of the shortages will be the private sector. It is from these angles that the greater emphasis should be on the development of the medium and the small scale and everybody else who is not in the monopoly sector. So, these elaborate licencing procedures and all that only help the bigger houses because it was not possible for anybody to sustain, even going from pillar to post, even waiting for years to get a licence. Now all that we have done is we have cut short these procedures. I must say this has removed the premium licences which existed before. If somebody had got a licence, he was considered lucky. But what after that? How many of these units come into existence? Hon. Members frequently find fault with us why we gave a licence to this man or why we did not give a licence to another. This is of course important but only one less important aspect of the problem. But what happens to the licence which is given? I have been shocked to find, so far as DGTD units are concerned, that the number of new units established in 1969 was 36, in 1970 it was 57, in 1971 it was 71, in 1972 it was 89, in 1973 it was 60 and in 1974 it was 183. What is the relation between the number of licences and the letters of intent that we give and the number of units that come into existence? These figures are for the whole country? That frightens me, because over the period of the fourth and fifth plans something has gone wrong with the investment atmosphere in industries. The issue of licences has not meant necessarily units coming

into existence. Therefore, I for one would not think that the issue of licences is so significant compared to how investments could be attracted and more production capacity could be created, because ultimately the problems that we face are immense. According to published figures, we have one crore of people who are educated and unemployed. We are adding to this at the rate of 1.5 lakhs every year. Out of them 2-1/2 lakhs are scientists, technocrats and engineers. People are talking of reforming the educational system, but that is for the future. What about these existing human problems? We find fissiparous tendencies everywhere. The cry of 'sons of the soil' is permeating itself to the district level. One of the cut motions asks, "Why did you bring 40 people from some other district to this district"?

SHRI PILOO MODY: Must be a Congressman!

SHRI RAMAVATAR SHASTRI (Patna): It is my cut motion. You have not given employment to the local people whose land was acquired and you are giving discriminatory treatment to them. That is my cut motion.

SHRI T. A. PAI: These tendencies are now found all over the country. I appeal to hon. members to consider it. During the drought season when I visited Gulbarga district with the Planning Minister, the people of one village said, "The people from the neighbouring village should not come here because they are blocking our employment opportunities." People are starting an agitation that raw materials coming from a State should not be taken out of that State and all employment must be created there only. What is the use of talking about national integration if the basic problem of unemployment all over the country is creating fissiparous tendencies? Everybody will try to use an argument convenient for him with

the hope of getting a job. But right-thinking people, leaders, should think about it. Can we do without growth? Are we only going to talk and quarrel over small matters here and there and not decide what should be our basic policy?

I would like to see the commanding heights in the public sector.

SHRI PILOO MODY: That is a dangerous phrase!

SHRI T. A. PAI: Five cement factories have been included in the fifth plan. But we have been provided money only for three. How do I go about it? I have been saying that public sector must also find out a way of expansion hereafter. It must try to mobilise resources from the people, it should also be entitled to get finance from the public financial institutions. It must reverse the process. Today if a paper factory is to be started, maybe 16 or 20 crores will come from the public and Rs. 80 crores will come from public financial institutions. Why should not the public sector units also try to mobilise Rs. 20 crores from the public and get assistance from public financial institutions?

So much has been said about the national sector. The decision to start the Scooters India Company was taken in 1971 when I was not even in the Cabinet!

Sir, on page 13 of the Annual Report on the Working of Industrial and Commercial Undertakings of the Central Government, it says:

"Against the authorised capital of 5.50 crores the Company proposes to issue shares for 4 crores, 51 per cent of the equity capital will be subscribed by the Government of India and the balance shares will be allotted to M/s Innocenti, Milano. Shares of 1.66 lakhs will be offered to public for subscription."

What is my crime? Why all this agitation and so much noise on this scheme as if I have changed the policy of the Government? When I brought the Report to the notice of some of my critics, they said: "Do you expect us to read all reports?" I am a Member of the House. I think, whatever is presented to the House, either we have read it or at least we pretend to have read it but you cannot say you have been kept in the dark. That is all you can say.

Why did I use the word 'National Sector'? I was modifying the decision to issue the shares to the public with the idea of mobilisation of local resources of the area around and also of the labour. Because of the public issue. This public sector undertaking gets money from public financial institutions also. Out of Rs. 215 lakhs at least 70 to 80 lakhs minimum will come from the public financial institutions like LIC, ICICI, IDBI, which would have been denied to us otherwise. So, we are getting 53 per cent from the Government and I am getting another 20 per cent from the public financial institutions. When I said national project, I was thinking that a time had come when every industrial unit whether in the public sector or in the private sector, should be one more instrument for mobilising the resources from the local people.

I would like to tell the hon. House that so far as our units are concerned, very big units also are like ivory towers. Both the workers and management are completely isolated from the rest of the public. I would say that apart from manufacturing something, these should be instruments of social change. Better houses for the workers, good bungalows for the managers, if this is the social change, then this will be a limited social change. They have to create an atmosphere of identification in the entire area. How does it happen? There should be public involvement in that area.

I hope the Scooters India will be able to mobilise some money from UP

which could have gone untapped but for this scheme being introduced.

Another thing which I have been found fault with is how do the workers get money in these days of high cost of living? As a banker my experience is that savings do not necessarily come out of income, but they come out of habits and thrift. It is possible to have a high salary but low saving. But to say that workers cannot save, why this judgment was passed in advance!

The employees of Scooters India, I am glad to say,—employees and engineers together—have contributed Rs. 5 lakhs. Each one contributed Rs. 200. I think, this is the way our country will have development if it relies on mobilising small savings from millions of the people.

Now you say 'monopolists. If you fear that the shares will be cornered, we shall see that enough provision in the Articles of Association is made and transfers are restricted in the event of shares being likely to be cornered. It is possible for us. If the sovereign Parliament cannot legislate and it is afraid of a few monopolists what will happen? I can tell you in the joint sector concept, the idea was that private sector will have Government money and their management and in the concept that I have advocated is people's money and Government management and I hope people will appreciate this idea which is worth encouraging. Frankly speaking, I should have expected this attack to come from the private sector industries because all that I was asking to see that no sector was reserved for them. But I have also the right to encroach upon them. Of course, some people say: who will give you money! Only because it is public sector, people will not give money. An investor would like to ask whether you have got a proper project report, whether you are going to manage properly and whether public sector or private sector a fair return on

investment is ensured. Well, if by that standard that one is going to be judged, why are you sorry? I think we should have confidence; I for one, would have confidence that any public sector can be managed that way; and it should expand also, if necessary. I am not saying that the private sector should be barred; but at least the public sector would be a disciplining body if it gets into cement and many other items of production of goods of mass consumption. But anyway, I am happy that during this session at least, on account of this controversy, this is the one economic thought over which there was thinking, whether rightly or wrongly. So, I was feeling that while politics was getting all the importance, these economic problems of the people in this country, and how we should go about, should also—are they less important—get not enough attention; I was happy that somebody caught on this idea and started questioning this; and there was a great deal of talk; and hon. Mrs. Deshpande warned me that I would be putting the clock back. Well, if we do not find ways of mobilizing all the resources possible in this country to create employment, to create social justice I think the clock will come to a stand-still; and there is no question of my putting it back. Therefore, I would rather prefer to meddle with the clock rather than allow it to come to a stand-still; and see whether the clock can at least go on, because the problems of the people are far more important than the ideologies that we have borrowed. Sometimes I find whether it is not necessary for us—, just as we say when we import technology that we must adopt it to our conditions as quickly as possible: that is what we are now laying down.—to adapt the ideas and ideologies which we are borrowing from other countries, to the local conditions. Therefore, my appeal is that any idea that is good for any other country should be examined by us; and we should see how far we can implement it in our country and how it has got to be modified, so that we do not

stick to the slogans to an extent more than we should do. It is action that is called for. Sir, we have de-controlled a few commodities. I have been accused of allying myself with the monopolists . . . (*Interruptions*) who said that. Sometimes I feel, Sir, that accusation is like an old gramophone record where the pin gets stuck up; and you say the same thing over and over again—whether I am there or my predecessor was there, or even his predecessor was there, I think we will have to get the same blame—but I would like to know; I am not one of those who believe that the monopolies are the only solution to the development of this country. If you say that we must have it all in the public sector in our country, jolly well; I agree; give me the money. If you only say (*Interruptions*).

SHRI PILOO MODY: You may agree; I do not.

SHRI T. A. PAI: Mr. Mody, you have perfect right to disagree with me; but I am only saying that the job has got to be done. Let us examine, how we should do it; and, therefore, I would personally believe that instead of repeating the same things, we will have to see how we can go about. Controls are introduced. Controls have become synonymous with socialism. Controls, we thought, would make things available to the people; and we never worried that, whether the people got it or not. But all the hon. Members know that controls also, some of them—after some time—brought in corruption; and they also benefited anti-social elements. Production at the factory was not taken into account. Controls became the source of black money creation. I would rather prefer that all production is brought into account, rather than be passed on to some intermediaries. (*Interruptions*) Therefore, in order to see that production was increased and that things were made available, we have tried to see that some of these controls were lifted. At the same time, I may assure the House that we would bring in commodities

like—for instance, tyres were de-controlled. But on tractors, we brought about de-control; but we had a price surveillance. On tyres also, I would like to have price surveillance. I would also like to see that price surveillance is introduced on essential automobile parts, because automobile manufacturers often come to the Government, saying that since tyre manufacturers and others have increased the prices, the prices of finished products should be increased. If costs have gone up, if wages have increased, if taxes have increased, if raw material prices have gone up, it may be justified to increase the prices.

SHRI PILOO MODY: The wholesale price has come down by six per cent.

SHRI T. A. PAI: I would therefore agree to have price surveillance so that all commodities are carefully watched. Even in a commodity like soap the production today is 110 per cent of the capacity. There is availability. Whether you can have it at 1968 or 1969 prices is a different matter. Wages have also gone up in the mean while. The availability of baby food, dry batteries, blades, all the so-called classified essential commodities, the situation has been better, because we have been carefully watching the production month by month. Paper production has been 85 per cent of the capacity. Bigger factories have been producing up to 100 per cent and plants which are producing upto 20 tonnes per day are producing upto 70 per cent. In all these things we are trying to find out what exactly are their problems in capacity utilisation. A study that has been undertaken by the DGTD has shown that some of the industries have been working for less than 50 per cent of the capacity while some others 50 to 75 per cent of their capacity. I am not saying that all of them are doing this deliberately. We are now calling them to find out what their problems are, to what extent they are genuine, because it may be a matter of policy, or some problem of

raw material. We would like to see that assistance is given so that the installed capacity is fully utilized.

Yesterday somebody pointed out the importance of small scale industries. In fact, they have been going up at the rate of 19 per cent. They are about four lakhs in number now. Granting that 25 per cent of them were bogus, the fact remains that three lakhs of them are working. If there are any problem, we would like to eradicate them. The bogus units are existing because of scarcity of raw materials. In such a situation, in an economy sometimes it is much more profitable to sell the raw material than convert it into finished products. It would be desirable to go into why these things happen and take remedial measures. At the same time the problems of genuine small scale industries, of those people who not only want to solve their own personal problems but also create employment to others, if they are not able to get assistance, I think it would be a tragedy and it would be a failure on our part to build them up. So, on my part, I would certainly give importance to looking into their problems and taking remedial action.

The other day when I went to a State I was surprised to find that a small scale industrialist has to go to 10 or 12 agencies to get things done, including the Director of Industries. I could not understand why the Director of Industries could not coordinate these things. As the hon. Member, Shri Daga said yesterday, nobody should be asked to go from pillar to post. There should be one central coordinating point from where all problems are looked into and he gets immediate solution. We are trying to see that the practice all over the country is standardised and minimum problems are created. Of course, I cannot say that no problem shall be created, but there will be fewer problems. We will certainly see what can be done to mitigate the grievances of the small scale sector.

I would like to announce that in view of inflation and the increased cost of machinery of the small scale units, we have agreed to increase the limit for small-scale industries from Rs. 7½ lakhs to Rs. 10 lakhs. Since we are very very conscious that ancillary development is a very important part of decentralised industrial effort, we would like to see that positive encouragement is given to that field. I would frankly say that even the public sector units have not done so much for ancillary development. I would very much like that in most of settings. So, I would like that we concentrate on this. For ancillaries we have decided to raise the limit from Rs. 10 lakhs to Rs. 15 lakhs. We will also try to see that adequate training facilities are provided. The scheme for setting up a tool room in Durgapur has been sanctioned. I value human material, much more so in our country. It is not merely machines but, given the opportunities, the human resources could also be better utilized.

So far as village industries are concerned, all the while we have been treating them as social welfare activities. Wherever local raw materials, local skills and local traditions are available, with the application of science and technology they should be made viable units entitled to bank finance, as any other small scale industry, and we should have a plan to see that the Khadi Commission becomes the marketing organisation for their products all over the country. We will have to mobilise our people and our resources in every possible way without getting into the caste system of village industry, small scale industry, medium industry and all that kinds of things. Well, the only effort I can quite understand is to see that concentration of economic power is completely done away with. The rest of the activities must be given the fullest scope. I was happy when Mrs. Deshpande yesterday made a sweet reference to the problems of

bidi industry. I am glad that Members are becoming aware of these problems.

Sir, I am coming from a district where 75,000 families are living on this bidi industry and very few leaders appreciated their problems, and they believed in creating more and more problems. I supposed, the Government already agreed with them that this was the industry which could take up tax. Well, now, I am glad that you are realising that it creates employment; it is an industry which is carried on at home. In my district, even educated men and women tie up beedies in their own home because they have to make a living. Well, if there is a better activity to substitute it, I would welcome it. But as long as this gives them an income, I would certainly say that nothing is done to kill it.

I am very happy if our problems are looked into objectively. I think, without any difference of opinion, among the parties. We should be able to appreciate the real and genuine problems of the people and find out solutions for them.

My hon. friend from West Bengal has made a reference about the problems of West Bengal. He is not here. But, all the same, let me assure you that (interruptions) I would deny many of these allegations made by him.

I know he is a good friend of mine. We discussed a lot in private. But yesterday, he made a political speech. Evidently, I would have replied to him. "well problems began when your party was in power and they have continued, etc." I can tell you that it is not my business. But I can tell you that no industry will be permitted to be shifted from West Bengal. Bengal was in the forefront in regard to engineering industry once, and we are proud of the skills that people in Bengal have and I am also considerably worried about the problems. Last year, in 1974, the lay-off had been higher than in 1973, particularly the

engineering industry and the jute industry had been affected. I can assure the House that so far as wagons are concerned, it is a good thing that the industry has come to the public sector. We are able to appreciate their problems very much better, and I can assure you that this industry will not be permitted to suffer. We shall certainly see that no chain reaction starts as a result of want of orders in the wagon industry and the other engineering units. Otherwise the ancillary units will also be affected.

So far as the motor cars are concerned, there has been a suggestion that I must nationalise it. It is a very difficult problem. My friends say that it is a luxury item and therefore we should tax it heavily. On the other hand, they say that this national industry should be saved, because automobile industry is a very important one. But, in view of the fact that automobile industry has been seriously affected, both in West Bengal and Tamil Nadu, we shall certainly see what best we can do to create a demand. To what extent, we succeed, I do not know. But, at the same time, the problem that I have been facing is this 30—40 per cent of the motor cars were being used for taxis. Now, with the high cost of the vehicle, with the high cost of petrol and high cost of bank borrowing, it has become impossible for anybody to run a taxi.

Well, I will only make an effort. I can only say this because I have not been able to evolve a policy in that respect. I am only explaining the problem. We have been saying often that taxi is a public transport system. I would have expected that our taxation system is such that an individual car would be taxed more than a taxi; but it is always otherwise. On taxis, the State Governments are imposing a higher tax. But I would take up all these causes and see how best this problem can be solved. I had assured Mr. Bhattacharyya in private and I assure him now in public that I am very much worried about the problems he has raised.

So far as engineering units are concerned, we shall try to see that the wagon industry is taken care of. We have taken over a number of units which were sick, particularly, the Burn & Co. He raised the question about that. We took over the Burn & Co. and we found to our dismay that we inherited only the problems, the back-log of uneconomic orders which we had to carry and we incurred a loss of about Rs. 8 crores in one year.

Another problem that we are talking of is about the Managing Director. We will have to bring about a change in the management. What is more important is that there should be diversification. We are taking up the programme of diversification of new manufacturing programmes. We would certainly like to make use of labour available and their skills so that that Company may also be brought in line. What really worries me that there are units which are of 19th century. Some of them are celebrating second century of their existence. When we are taking them over under the Industrial Development and Regulation Act and adding to losses, are we not depriving the State of fresh investments and new industries being brought up which will create employment for the people? I would like the House to consider it very seriously.

The other day, they wanted me to take over one brewery also under the Industrial Development and Regulation Act. If we have to take over the chocolate factory, the biscuit factory and all that, where do we land ourselves? We may get into all kind of problems.

One point was raised that the Industrial Reconstruction Corporation has not done anything. They have sanctioned Rs. 17 crores or the rehabilitation of the industry in West Bengal and Rs 11 crores have been distributed so far, I suppose, my hon. friend. Shri Dinen Bhattacharyya, only wanted an assurance that something positive is being done.

About the textile industry, the National Textile Corporation, we have been able to settle the problem of subsidiaries. After satisfying you, getting so many things amended and seeing that the past dues of labour would also be protected and all that, another problem that we had to solve was with the State Governments about the management aspect of it, as to how many Directors must come from the State, who should appoint the Managing Director and all that. That exercise I have just completed. That was perhaps for easier. The reconstruction of this industry is a tremendous job because most of the units are absolutely sick and they are only junk.

I am afraid, even if you really want it as modern as one would wish, we would require at least Rs. 500 crores. We had estimated that we would require at least Rs. 120 crores in the Fifth Plan. I wish I get it.

Another thing that really worries me is about the textile industry itself. In the Fourth Plan, the Planning Commission estimated that we should license 2.5 million additional spindles and 18,000 looms. We licensed 3.05 million spindles and nearly 17,000 looms. What has come into existence is only 0.26 million spindles and 6.05 looms in the whole country. Now, I find, the textile machinery production in 1972 was worth Rs. 40 crores. I was encouraging them to increase the production and utilise their capacity. They went upto Rs. 75 crores last year and, this year, I am confident that it is going to be Rs. 120 crores. So, we have the capacity of manufacturing machinery. We have an imperative need to expand this industry. Therefore, apart from modernising it, an investment in this industry is also called for. Apart from facing the day-to-day problems which my hon. friend, Mr. S. M. Banerjee, would certainly be concerned with as that affects Kanpur, so far as the textile industry is concerned, I assure him that we shall do our best to see that as

much resources are mobilised as possible to see that the improvement is taken on hand.

SHRI DINEN BHATTACHARYYA (Serampore): Simply mobilisation of resources will not do. You will have to look into the management question also.

SHRI T. A. PAI: I agree. Please trust me that the money will not be entrusted to the people to waste.

SHRI S. M. BANERJEE (Kanpur): My suggestion was whether it is not possible for the Industries and the Commerce Ministries to sit together or convene a meeting, because there is a feeling that there is a slum in the market...

SHRI T. A. PAI: In any way, we will have to discuss this. I would like to tell the Professor that I am not one of those who would like to escape from responsibilities. I hold myself responsible as part of the Government.

I think the problems of the country are brought about by a lack of co-ordination. Each of us have become so big that we function like empires. It is necessary that, if the immediate problems of the country are to be solved, we will have to come together and take decisions immediately. I assure you that I will take it up with the Commerce Ministry and try to see that this problem is taken up.

Then, Sir, I come to cement. We have a licensed capacity which will be about 21 million tons this year and I hope this years production, as programmed, will be able to reach about 17 million. And of course, we propose to export one million.

Last time, as the House will recall, Government imposed certain restrictions on the use of cement for building construction and so on, and these restrictions are to continue till August,

I have been looking into the question and I find that there is availability of steel now. In fact, there is a glut for bars and rounds. The arc furnace industry is running into difficulties and there is now, in the construction industry, a lot of unemployment as a result of this position. Therefore, with effect from the 1st of May, I would say that all these restrictions that we have imposed would be removed and I hope this will bring some kind of normalcy...

AN HON. MEMBER: When super cement is available under control?

SHRI T. A. PAI: We will bring super cement also under cement control so that there will be only one kind of cement.

I am grateful the House has given me a long and patient hearing. One of the most important problems I would like to discuss is that of backward areas. Last time I had convened a conference of the Ministers of Industries of all the States and I found that they were not satisfied with the declaration that some of the Districts are backward. Their complaint was that industries in developed States will only go to the backward areas in the State itself and not to the backward districts in other States therefore, some States themselves must be declared as backward. Apart from that, we have declared 290 Districts or so as backward and there is a demand from others who are not backward that they may also be declared as backward under some criteria. That clearly shows that we are a totally backward country under one concept or another.

Now, what I would like to point out is, if I am given Rs. 35 crores for building the infrastructure in the whole country, how much of roads or communications or electricity can I develop with the money? And if it is spread over all these efforts, will there be any development anywhere? That is one aspect which we will have to consider.

MR. CHAIRMAN: One way would be to declare the forward areas—and the rest will automatically be backward.

SHRI T. A. PAI: Nobody would like to be forward in our country where backwardness has a premium.

MR. CHAIRMAN: But some areas are obviously known to be forward, whether they like it or not.

SHRI T. A. PAI: They are modest enough to claim backwardness.

Now, when I went to Lima and visited the Andes Commission, I found that five or six States of South America had come together and said that two of their States are more backward than the others and it was accepted in principle that the four forward States would be making some sacrifice for the development of the two backward States. Unless we are also, in this country, willing to accept those concepts, it is no use declaring States as backward. All that we can succeed in is giving a label of backwardness, and that is easily done because it does not cost money. Whether the Planning Commission approves it or we approve it, it does not matter. But what happens thereafter? What are the steps that we can take? Therefore, while there may be resources available within one State, resources like mineral wealth, resources like forest wealth, resources in another area, of human-beings, trained and unemployed, what kind of criteria should we apply to see that these resources are utilised? I have been listening to many ideas. But I, for one do not agree that subsidies and differential rate of interest can remove backwardness by shifting industries in one or the other, because if I were an industrialist, I would think that the most worthwhile industry to be located is a highly capital-intensive one because that is where I will get the maximum concession by way of both subsidy and interest. But that does not solve the problem; it creates new problems be-

cause there will not be so much employment as we have envisaged. The problem of removal of backwardness is connected with creation of employment and creating more money into the pockets of the people. Whether an isolated effort to locate an industry—my hon. friend Mr. Kartik Oraon, is not here; 25 per cent of the investment of the public sector is in Bihar, in Ranchi and neighbouring districts; yet that has not, I agree, raised the per capita income of the State—, whether one industry or a package of schemes going together, whether there can be a uniform idea applied to the whole country or it should vary from area to area depending upon the facilities available, the skill of the people, the level of economic development—all these call for a very objective study.

Therefore, in my Consultative Committee I have suggested that there should be a full and frank discussion and that if a reappraisal of the entire situation is called for, it is worthwhile looking into it rather than making a mistake in going about the way that we have been going.

SHRI R. S. PANDEY (Rajnandgaon): I would like to put a question with regard to the question of profit, dividend, interest and borrowing. You have shown in the report on public sector undertakings that in 1972-73 the profit was Rs. 19,85,00,000 and the dividend that was paid was Rs. 17,15,00,000; in 1973-74, you have shown a profit of Rs. 64,30,00,000. For that you deserve our warm congratulations, but you have paid less dividend, i.e., Rs. 13,12,00,000. Your borrowing in 1972-73 was Rs. 2,471 crores and the interest that you have paid is Rs. 133,35,00,000. In 1973-74 your borrowing was much more, i.e., Rs. 2,793 crores and you have paid less interest, that is, Rs. 111,30,00,000. This has happened when the rate of interest has gone up from 7 to 10½ per cent. What is this jugglery? Will

you please explain this? There is no need to give the reply just now.

SHRI T. A. PAI: I will look into it. But the fact is that some of the profits have gone to wipe off the losses. Last year we had wiped off completely the losses at Haridwar, at Tiruchirappalli and whatever the accumulated losses were at Hyderabad. The BHEL, for the first time, have wiped off all the accumulated losses and shown a plus. We had, when we took over the Bhopal unit, accumulated losses to the extent of Rs. 59 crores, and I am glad to inform the House that, out of the profits of BHEL, we have been able to write off the losses and show a plus this year. What is more important, I can proudly say that not only in respect of the equipment that BHEL makes but in respect of its management, its quality of service, its quality of management, it can compare not only with the best in the private sector but is one of the best organisation in the world.

SHRI S. R. DAMANI: Sir, I would like to ask one or two questions.

MR. CHAIRMAN: After the Minister finishes his speech, questions may be asked and I will allow that. If you go on interrupting and the Minister goes on yielding, there will be no end to it. Let him complete first. Let there be some system.

SHRI T. A. PAI: I am very grateful to the hon. Members for all the courtesy and the goodwill that they have given me and I will certainly try to deserve their confidence by working as best as I can. But I would request them to continue to give me all the support for a proper industrial development of this country because I do not want to minimise the problems, nor do I want to make any big claims. I would only like to say that this country can achieve what we want to achieve if we make an effort; it calls for a concerted effort and a united effort on the part of all of us.

SHRI S. R. DAMANI: It is very kind of you to have increased the limit for providing finances for small scale industries from 7½ lakhs to 10 lakhs and for ancillary industries from 10 lakhs to 15 lakhs, but in this connection, I would like to know whether the banks and the financial institutions will be helpful in providing the finances to these sectors so that they can expand.

Secondly, we welcome your suggestion about investment by public in public sector projects. In this connection, will you consider to introduce such incentives as were introduced by late Finance Minister, Shri T. T. Krishnamachari, and which you know very well, so that investments can be attracted?

SHRI T. A. PAI: Raising the limit to ten lakhs or fifteen lakhs does not mean that any unit can go and borrow. The banks will have to be satisfied about the expansion and the banks will take care to see that. We have constraints of resources. The credit is going to be selective and perhaps this kind of constraint will continue. As the Prime Minister has made it very clear, there will be selective approach to this problem and wherever it is necessary, some exemptions will be thought of and we are at this exercise to see that no industries concerning essential products suffer on account of credit. But if excessive credit is going to inflate the economy, we will certainly like to put a stop to this.

MR. CHAIRMAN: We have another Ministry also, that is, Home Ministry. I am sure, at least one hour, you would like to devote to that Ministry. At 6 O'clock, everything will be guillotined. Let us not take more time on this Ministry; let us go to the Home Ministry. You can always meet him and get the clarifications. There are many other ways. Will you please co-operate? Let us regulate it in some way. Otherwise, there will

be no end. I know you have many questions to ask.

SHRI B. V. NAIK (Kanara): We have many things to ask.

MR. CHAIRMAN: Please don't ask. At least please give one hour to the Home Ministry. I agree to the suggestion that you may send your questions to him.

Ramavatarji, please sit down when I am standing.

SHRI RAMAVATAR SHASTRI: He has mislead the House on my cut motion.

MR. CHAIRMAN: You write your questions and difficulties to the Minister. I am sure the Minister will clarify your questions. He may even meet you and clarify them. Please don't waste the time of the House.

श्री रामावतार शास्त्री : मेरी बात रिकार्ड पर आनी च हिये । मैं संसद में फर्दी सायल के बारे में विश्वास नहीं रखता । उन्होंने कह कि एक जिले का सवाल उठाया गया है । मैंने सिर्फ इतना ही सवाल उठाया था कि तीन सौ किसानों से जमीन ली गई थी और उनमें से केवल तेरह को काम दिया गया स्कूटर और ट्रैक्टर फैक्टरी फतुहा में । बाकियों को नहीं दिया गया है । जमीन वालों को जगह न दे कर 42 आदिमियों को किसी और जगह से लाया गया है । इनकी पालिसी है कि जिनकी जमीन ली जायेगी उन्हें काम दिया जायेगा और वहाँ के लोकल को क्लास चार और क्लास तीन में रखा जायेगा । यह इनकी खुद की पालिसी है

सभापति महोदय : भाषण में आपने कह ही दिया है । अब दोहराते क्यों हैं ?

श्री रामावतार शास्त्री : मैंने भाषण दिया ही नहीं है ।

सभापति महोदय : रिकार्ड पर अब आ गया है ।

श्री रामावतार शास्त्री : मेरा कहना यही है कि मेरी कट मोशन का मतलब यही है और कुछ नहीं है ।

MR. CHAIRMAN: I will now put the cut motions to vote.

SHRI RAMAVATAR SHASTRI: I want my cut motion Nos. 56, 57, 61, 62 and 64 to be put separately.

MR. CHAIRMAN: I will now put cut motions 56, 57, 61, 62 and 64 of Shri Ramavatar Shastri to vote.

Cut motions Nos. 56, 57, 61, 62 and 64 were put and negatived.

MR. CHAIRMAN: I will now put rest of the cut motion to vote.

All the other cut motions were put and negatived.

MR. CHAIRMAN: Now, the question is:

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account amount shown in the fourth column of the Order Paper be granted to the President to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1976, in respect of the heads of demands entered in the second column thereof against Demands Nos. 58 to 61, relating to the Ministry of Industry and Civil Supplies."

The motion was adopted.

PROF. MADHU DANDAVATE: Sir, one of the cut motions was in favour of a national sector and another against it. Now, both have been defeated. What will happen?

[The Motions for Demands for Grants, which were adopted by the Lok Sabha, are reproduced below—Ed.]

DEMAND No. 58—MINISTRY OF INDUSTRY AND CIVIL SUPPLIES

"That a sum not exceeding Rs. 2,51,98,000 on Revenue Account 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, 1976, in respect of 'Ministry of Industry and Civil Supplies'."

DEMAND No. 59—INDUSTRIES

"That a sum not exceeding Rs. 10,20,12,000 on Revenue Account and not exceeding Rs. 156,27,91,000 on Capital Account 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, 1976, in respect of 'Village and Small Industries'."

DEMAND No. 60—VILLAGE AND SMALL INDUSTRIES

"That a sum not exceeding Rs. 23,34,01,000 on Revenue Account and not exceeding Rs. 31,09,68,000 on Capital Account 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, 1976, in respect of 'Village and Small Industries'."

DEMAND No. 61—CIVIL SUPPLIES AND COOPERATION

"That a sum not exceeding Rs. 4,41,33,000 on Revenue Account and not exceeding Rs. 22,30,62,000 on Capital Account 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, 1976, in respect of 'Civil Supplies and Cooperation'."