

[Shri Raj Bahadur]

they say are of the nature of anomalies, have been referred, as I have already stated, to adjudication. All that could be done has already been done.

12.10 hrs.

PAPERS LAID ON THE TABLE

NOTIFICATIONS UNDER ESTATE DUTY ACT AND CUSTOMS ACTS

The Deputy Minister in the Ministry of Finance (Shrimati Tarkeshwari Sinha): I beg to lay on the Table—

- (i) a copy of Notification No. S.O. 1021 dated the 21st March, 1964 containing Corrigenda to Notification No. S.O. 659 dated the 22nd February, 1963, under subsection (2) of section 33 of the Estate Duty Act, 1953.

[Placed in Library, See No. LT-2667/64].

- (ii) a copy each of the following Notifications under section 159 of the Customs Act, 1962:—

- (a) G.S.R. 567 dated the 31st March, 1964.  
 (b) G.S.R. 546 dated the 4th April, 1964.  
 (c) G.S.R. 569 dated the 1st April, 1964.  
 (d) G.S.R. 570 dated the 1st April, 1964.

[Placed in Library, See No. LT-2668/64].

12.11 hrs.

ESTIMATES COMMITTEE

FIFTY-SECOND REPORT

Shri A. C. Guha (Barasat): Sir, I beg to present the Fifty-second Report of the Estimates Committee in Personnel Policies of Public Undertakings.

12.12 hrs.

\*DEMANDS FOR GRANTS—contd.

MINISTRY OF STEEL, MINES AND HEAVY ENGINEERING—contd.

Mr. Speaker: The House will now take up further discussion on the Demands for Grants under the control of the Ministry of Steel, Mines and Heavy Engineering. Shri P. C. Sethi may continue his speech.

The Deputy Minister in the Ministry of Steel, Mines and Heavy Engineering (Shri P. C. Sethi): Sir, I had just finished about the Department of Heavy Engineering and I was switching on to the Department of Iron and Steel when the House adjourned yesterday. I am grateful to you for giving me this opportunity to participate further in this discussion. Sir, criticism has been offered for not having developed the iron and steel industry as per requirement. If we look to the development of this industry in the years of its inception in other countries, we would perhaps find the same scene in the picture.

If we look to the development of the steel industry in this country, the Tatas came into the field in 1907 and till 1948 the production of steel in this country was only 1.26 million tonnes. It was only in 1949 that the Government of India started thinking and planning on this subject and it was only after that that reports from various foreign consultants in U.K, USA and other countries were received. But in spite of that, action could not be taken till 1952-53 in this matter. In 1953 the Hindustan Steel Limited was established and in 1954 again a reappraisal of the demand of steel was made. It was found that by the year 1960 the total requirements of steel of this country would be of the order of 4.5 million tonnes. Therefore, the

\*Moved with the recommendation of the President.

House will appreciate that in view of all these things, the steel industry is making good progress.

In 1963-64 the demand of steel is estimated to be of the order of 5.6 million tonnes as compared to 5.1 million tonnes during 1962-63. Out of this, a production of about 4.4 million tonnes is expected and therefore, we will have to continue to import about 1 million tonnes of steel. The shortage is very much pronounced as far as the flat products are concerned. Therefore, the flat products will have to be imported for a certain time in order to meet the growing demands of the engineering industries in the country.

The indigenous production of pig iron has also improved during the last so many years and it has come up to 1.2 million tonnes. But in spite of that, there is a big gap between the requirements of pig iron and its production today. The requirement of pig iron is estimated to be of the order of 2 million tonnes today.

If we see the picture with this background, we will find that in the past year and current year, the three public sector steel plants have progressed fairly well. In March 1963, in Rourkela the production was 91,417 tonnes of ingots, which is about 108 per cent of the rated capacity. It is true that the plant could not keep up this rate of production for the coming months and the production again went down. But this was on account of so many situations, especially the deliberate slow-down on the part of labour. It is also true that there were certain operational difficulties and blast furnaces 2 and 3 had to be closed for a certain time. After these repairs, it again started picking up, but the recent communal disturbances again retarded the production in Rourkela.

As far as Bhilai is concerned, production in respect of the major products is higher than the rated capacity. For example, from April to De-

cember 1963, Bhilai has produced 8,98,029 tonnes of coke, 9,68,654 tonnes of iron, 8,49,392 tonnes of steel ingots, 1,66,991 tonnes of Semi-finished steel and 4,88,845 tonnes of finished steel.

With regard to Durgapur, production during the recent months has been above the rated capacity in most of the units of the plant. The target of production with regard to hot metal, big iron, steel ingots and finished steel has been achieved quite satisfactorily and we hope that this production rate would continue in Durgapur.

With regard to the production programme of steel plants, not only that they have progressed fairly well but we have been progressing very satisfactorily as far as the expansion programme of all the three public sector steel plants is concerned. The Rourkela steel plant is to be expanded from 1 to 1.8 million tonnes. Bhilai is to be expanded from 1 to 2.5 million tonnes and Durgapur is to be expanded from 1 to 1.6 million tonnes. Practically all the equipment as far as Rourkela is concerned would be coming from West Germany. A delegation headed by the General Manager of the Rourkela steel plant had been to Germany to sign the contracts with regard to the expansion programme. Therefore, the Rourkela expansion programme is proceeding satisfactorily and the foreign exchange requirement of the expansion would be coming from the West German Government credit.

Similarly, with regard to Bhilai the estimated cost of Bhilai expansion is about Rs. 1.52 crores with a foreign change content of about Rs. 67 crores. This also is being finalised with the Government of USSR, and on the basis of the agreement which was signed in the year 1962 the Bhilai expansion programme is also going on satisfactorily. On the 13th of this very month the fourth coke-oven battery would be inaugurated by the hon. Minister and in September the

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next blast furnace would be inaugurated. So we hope that as far as Bhilai is concerned during the Third Plan period this would be the first plant, as far as expansion programme is concerned, which will go on stream.

Similarly, Durgapur expansion programme is also going on satisfactorily and all orders have been placed except for the sintering plant. We hope orders for the sintering plant also would be finalised during this month. The total cost of the expansion programme in Durgapur is Rs. 600 million out of which the foreign exchange content is Rs. 256 million. This would come from the U.K. credit and hope that the Durgapur expansion programme will also go on satisfactorily.

We have not only kept the present demands or the demands during the Third Plan in view, but we have in view the future planning as far as steel requirement in this country is concerned. Keeping these in view a Steering Group has been set up by the Ministry. That Steering Group has done quite a good amount of work. They have covered quite a nice ground. They have estimated that by 1970-71 our demands for pig iron would be of the order of 3.462 million tonnes, for rolled steel it would be 13.594 million tonnes and about 18.287 million tonnes of ingots. Therefore, planning for this additional capacity of steel has to be made. The Steering Group has suggested many things with regard to this and the expansion of all steel plants including the private sector steel plants is also envisaged.

In this connection, I would like to point out that Shri Morkara has raised a point about the size of the plant during the debate yesterday. As far as the size of the plant is concerned, it is now an admitted fact in steel technology as the size of the plant increases the cost decreases. Therefore, we would see that during this

expansion all the steel plants are going to expand like this: Tatas from 1 to 3 million tonnes, Indian Iron from 1 to 2 million tonnes, Bhilai from 2.50 to 3.50 million tonnes, Durgapur from 1.60 to 3.00 million tonnes and Rourkela from 1.80 to 2.50 million tonnes. Therefore, no steel plant in India would be of the capacity of 1 million tonnes and they would all be expanded to the capacity I have already stated. The Bokaro plant also which we are going to envisage now will be of 4 million tonnes capacity. Therefore, we can see that the size of the plants is increased as far as possible. It is true that Soviet Russia has launched upon a big scheme. They are ready with the blue-prints for establishing a steel plant of the size of 20 to 25 million tonnes. But, Sir, for a big plant like that we have to consider the problem of transportation and many other things.

Apart from this, the regional dispersal of steel plants is quite necessary. From this point of view you will see that dispersal of steel plants has to be done in our country. The present steel plants in our country have been established only in the eastern region. Most of them are there. That is why Bhilai was chosen. Now we want to further disperse the steel industry so that it may go to the south. Not only that, we are also thinking of putting up steel plants in ports. It is not only necessary from the point of view of steel production but also from the other point of view, namely, the country's safety. That is why all efforts are being made to disperse the industry as far as possible.

With regard to one of the points which Shri Indrajit Gupta had raised, namely, with regard to housing for the steel plant's workers, I may bring to the kind notice of the House that the requirement of houses after the expansion is about 15,000 in Rourkela out of which 11,606 houses have been constructed; in Bhilai about 11,000 houses have been constructed and in

Durgapur about 10,300 houses have been constructed and about 2,000 more houses are under construction. It goes to show.....

**Shri Indrajit Gupta** (Calcutta South West): How many workers still are not provided with any accommodation?

**Shri P. C. Sethi:** More than 70 or 75 per cent of the workers have been provided with accommodation. If you look to the amenities which are being offered in the steel plants, you will find that they are much better as compared to the private sector steel plants.

**Shri Indrajit Gupta:** Even one-room tenements have been built which even the Prime Minister has condemned.

**Shri P. C. Sethi:** All the houses cannot be constructed in one day. It will take time. It is our endeavour and we hope to see that all the workers who are in the steel plants are provided with houses.

With regard to the requirement of pig iron by the year 1970-71 it would be of the order of 4 million tonnes. At the moment we are having about 1.2 million tonnes from the public sector steel projects and we expect about .75 million tonnes of pig iron from the licences which we have given to the private parties. Even then there will be a gap of 2.2 million tonnes as far as pig iron is concerned. Therefore new blast furnaces are being put up in Durgapur and Bhilai. Besides that, we hope that about six more blast furnaces of the capacity of 4 lakh tonnes will have to be put up so that the pig iron requirements can be met.

Lastly, I would draw the attention of the House to the requirement of alloy and special steel including low alloy steel. As far as alloy and special steel is concerned, the Steering Group has estimated that the demand of alloy and special steel would be of

the order of 1 lakh tonnes of low alloy high strength steel and 1,80,000 tonnes of electrical steel. About 1 million tonnes is the total demand which they have envisaged. Out of this the private sector licences which are about 23 in number and which are also expected to go into production by 1970-71 and Durgapur and Mysore Iron and Steel Works, Bhadravati, would be producing special steel which would come to about 3.34,400 tonnes. This again leaves a deficit of about 4,14,000 tonnes. Therefore all possibilities will have to be explored and all avenues will have to be found out to meet this deficit. It is hoped that during the next few years Durgapur will be expanded; also, Bhadravati will be expanded and besides this, in order to meet this deficit, perhaps new licences may have to be granted.

With these words I have done with regard to the iron and steel department and I thank you very much for having given me this time.

**Shri Ranga** (Chittoor): Mr. Speaker, Sir, I am glad that this is a young ministry and it is manned by youthful Ministers. As I was listening to these two young colleagues of ours I felt as if they were preparing for their M.A. or M.Sc. examination; they were in such a hurry.

**Shri Harish Chandra Mathur** (Jalore): That was the observation made here.

**Shri Ranga:** They tried to master their details; but then they are not responsible for the policies which they are obliged to place before us. The Minister who can be considered responsible mostly for the policies of this Ministry is also young and energetic and, therefore, let us hope for good enough results from this Ministry by the time we meet them again next time.

So far as their achievements have gone till now, not of this particular Ministry as it has come to be consti-



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tuted but of these plants taken together, I think, the epitaph had been written temporarily by their own friend who is an untra-socialist and who, at the same time, knows something of business management because he belongs to the brood of private enterprise as well as successful entrepreneurs. He has stated it quite clearly yesterday how in regard to all these three great iron and steel mills we have spent three times at least, sometimes even five times, as much as we had projected for. And the achievements are most unsatisfactory. One thing alone is enough to strengthen this conclusion that we have reached. Before the First World War and after the Second World War, we were told, as per the steel equalisation fund, that the cost of production of steel in our country was much lower than the world parity price and, therefore, whatever we imported into our country, since it was costing us so much more, was put into a pool with our own local production. Thus the prices were equalised and some *ad hoc* price was reached and it was at that price that steel was being sold in our country. What do we find now? That equalisation process has been given up. Why? They have given some reasons but the most important reason appears to me to be that our local cost of production has gone up by leaps and bounds. As Mr. Morarka was saying yesterday, it is somewhere near the maximum anywhere in the world. If that is the achievement that my hon. young friends of the Ministry wish to be proud of, I cannot congratulate them.

They have started with the object of developing a number of heavy industrial plants in our country. Out of them all, I find that we are not making sufficient progress in regard to electrical power equipment and in the development of this transport equipment, steel and metallurgical industries equipment and also the mining and drilling equipment though there the progress is not too bad. As re-

gards fertiliser and chemical equipment, it is very bad; in the case of structurals, it is only at the beginning stage and with regard to industrial machinery also, it is at the initial stage. Then, when we come to this automobile industry, the House has had the experience of listening to the hon. Minister expressing their inability to develop, what they have themselves declared more than once to be their almost immediate objective, the manufacture of the poor man's car or the low-priced car. They did not take the House into the fullest confidence as to what difficulty they had experienced in the way of developing its manufacture. They only gave a few reasons in regard to the shortage of foreign exchange and also in regard to priority for allotment of foreign exchange and so on.

Sir, they have themselves contracted a debt of Rs. 7000 crores in the name of our country in order to build these and many other industrial projects and they want us to be proud of them. They have been borrowing, begging, for loans from foreign countries in the world. What is their achievement even there. All these various countries in the world have promised to give us more than Rs. 3000 crores of debt and yet we are yet to utilise Rs. 1451 crores. That is only in regard to external assistance as outlined in the Economic Survey for 1963-64. In addition to that, there is also assistance committed by the Aid India Consortium. There also a sum of Rs. 1291 crores was promised. A sum of Rs. 482 crores alone has been utilised. What has happened in regard to the allotment of their own priorities? Why is it that the allotment has gone so awry that they have not been able to fulfil the promises, the bold promises, that they have themselves made to the people in regard to the automobile industry?

I would like to ask for one or two explanations from my hon. friend in regard to Ramachandrapuram project and also Trichy project. There is an interesting detail about this matter.

In regard to the other projects, they have put it in heavy lead; I do not know why, when it came to the smaller projects or newer projects, they put it in ordinary print. Is it because they have given a lower priority to these things? I do not know. But then, let us look at it. If one reads carefully about what is being done with regard to the heavy power equipment plant at Ramachandrapuram and the high pressure boiler plant at Tiruchirappalli, one would find that there is some difference in their progress. One is being developed a little more carefully and assiduously and speedily than the other one. I would like to know whether there are any special reasons for this. Is it because one local Government is more co-operative than the other? Or is it because this particular Ministry itself is interested more in one plant than in the other?

**The Minister of Steel, Mines and Heavy Engineering (Shri C. Subramaniam):** My hon. friend is very unfair.

**Shri Ranga:** It is for my hon. friend to tell me. I am not making any final judgment yet. But my hon. friend can himself read it, and he would be able to find out the position. I do not want to go into the details here, because I do not want to draw a definite conclusion here and now.

Having said that, I would like to state what our attitude is in regard to these projects. These are all very heavy ones, and they cost too much for the country, and we are trusting this Ministry to achieve the results. The Finance Minister has placed an objective before them that they should be effective, efficient and profit-earning and they should be capable of ploughing back their profits or at least as much of their profits as possible into further development. And yet, I do not think that they are fulfilling these objectives.

When these great projects have once come into existence, it is in the interest of the nation as a whole and all political parties, and all social elements and public workers are also interested in seeing to it, that these projects redound to the credit of our nation, would fulfil the objectives, would prove to be profitable and would prove to be an asset to our national and economic and industrial development. Therefore, my party stands for their protection, for their efficient management and for their development, and looks upon them as assets for our national economy. But, at the same time, let us also be very clear about one thing, namely what we mean by patriotism. Is it not patriotic to demand priority for the development of food production in our country so that we need not have to depend so much and so largely on imports, and we may go on minimising this dependence upon imports of foreign foodgrains? My hon. friend may turn round and say 'Yes, but is it not also patriotic to develop the steel plants?' I am prepared to say 'Yes.' But which is more important? Which should be given a higher priority? It is not that the one should be taken up after the other, but even while all these things are taken up by Government simultaneously one has got to be given a higher priority than the other; and more foreign exchange and more of our national resources will have to be allotted to the one than to the other, even though some allotments, of course will have to be made for the second priority, for the third priority and so on.

**Shri C. Subramaniam:** Does the hon. Member suggest that I should take up agricultural programmes, giving up the steel programme?

**Shri Ranga:** Fortunately for him, and unfortunately for his argument, he also happens to be a member of the Cabinet. He cannot very well expect us to take him to be a kind of compartmentalised pigeon here. He is free to go over the whole gamut of

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the Government's policies, while at the same time being obliged to concentrate on his special responsibilities in regard to this particular Ministry.

Government have asked the National Council of Applied Economic Research to study for them about the demands of various industries for more and more iron and steel. They have come to the conclusion that it would be better for them to accept tentatively the target of 16 to 17 million tons of ingots to be rolled into finished steel, 4 million tons of pig iron and one million tons of alloy steel etc. etc.

If we were to ask an agricultural worker what would be his demand? He would like to say that at least the minimum wage that is being vouchsafed to industrial workers, namely Rs. 100 a month should be vouchsafed for him also. But if he were to proceed on that basis thinking that he himself is going to get these Rs. 100, and make his own allotments and priorities etc. in regard to his own expenditure budget, then what would be his position? Actually, he would not be capable of earning even Rs. 30 a month. That is exactly the position also in regard to our national economy vis-a-vis these great projects.

Some hon. friends have been congratulating the hon. Minister on the courage which he has shown, and of course, it is easier for him than for many others to be so very courageous, and I congratulate him also on that because of his age. He has said 'If the Americans are not going to advance money that does not matter; anyhow, we, would certainly develop our Bokaro. And why did he say, so? He said 'Because we need it. But is that all the criterion? Can we afford it? Have we got the know-how? Have we got the internal as well as the external funds? Have we got the trained hands here in order to train our own people?

Government themselves have stated that they have started a number of training institutes here and there, at the plant-sites, at the HMT, at Ranchi, at Bhopal and at other places. At the same time, they have themselves confessed that it has not been possible for them to appoint a number of high-placed people or to recruit them, just because there is a shortage of trained personnel in our country. When are we going to train them up? We think of Bokaro, and we talk of building it, and we begin to build it and we begin to spend public funds, and then we send here and there, in a helter-skelter fashion, hundreds of our boys to various countries, and by the time it comes to be somewhere near, we do not have the people to run them, and even to advise us. That is exactly what has been happening in regard to various other projects also. Therefore, it is necessary for Government to be very careful indeed, and not to be too exhibitionist but to keep their feet on earth and see whether it would be possible and whether it would be advisable for them to go ahead with this.

If they are to go ahead at all then why it should be located at Bokaro itself? Already, it is a huge and big centre. Durgapur also is not very far. There are two or three big plants there. Why are they going to have this plant also there? It is just because external economies would be achieved. But my hon. friend's own Deputy has just now said that it is necessary to disperse these industries. There is also a strategic objective behind that. One bomb would be enough to destroy the whole of that area and all our industries built with our hard toil would come to be destroyed by just one stroke. So, would it not have been advisable on their part to have thought of some other site for locating this plant? Yet, they do not think of it, and they only repeat 'Bokaro, 'Bokaro'.

And after they thought of locating it at Bokaro, just because the Americans, unfortunately for them and also unfortunately for us, have been unwise enough not to accede to the request of our Government and also abide by the advice given by some of the leaders in the private enterprise too that they should accept the governmental proposal and help them to build the Bokaro plant, Government thought that it had become a matter of prestige. I feel that the time has come when we should say to ourselves that we have grown at least to that stature when we should not be doing things in such a childish manner if I may say so. It is not merely on considerations of prestige that we should commit ourselves in this manner. I would also say that Government have not even got the final project report. They have only appointed some Dastur & Co. to give them some project report. They had, it seems, some tentative project report, but some technicians from America and other countries thought that their proposals were all on the high side and Government would not be able to provide the necessary technical know-how and all the rest of it, and, therefore, it would be advisable for Government to reorganise it or reorient it. But Government thought that it was beneath their dignity etc., which they have been saying from time to time. Therefore, I would like Government to give this matter another look and not to treat themselves as dead committed to it, committing so much of our national resources to this thing alone.

Then there is the very serious question of labour. We were told in the earlier years that one of the great advantages of having a State enterprise, a nationalised industry, is to be able to get the maximum possible co-operation from labour because labour would then think that it all belongs to them. That is how Marxism has been popularised. But what do we find in our country today? My hon. friend, Shri

Nath Pai, was obliged to lead a movement a few years ago, a strike of employees of State enterprises. Now we are having a strike at Bhopal. Only yesterday or the day before the Minister was wondering why the communists who believe so much in State enterprises, who should, therefore, naturally cooperate with Government, are allowing themselves to be exploited or are trying to exploit the situation thereby buttressing those workers in their unco-operative and unsocial activities against that highly-prized Bhopal factory, a big plant. Everyday's stoppage is costing us Rs. 4 lakhs. Lakhs may not matter very much to this Government which is dealing now in crores and crores, but they do matter to the people at large. But why has this happened? Why is it that Government has not been able to settle this matter as any ordinary industrialist or entrepreneur would have tried to? We have come to realise now that once there is trouble between Government and its employees, there is no other third factor, no third element, to try to intercede between them and bring about some peace. On the other hand, supposing it had been a private entrepreneur who was involved? But there have not been such serious strikes taking place as is taking place here now. Why is it taking place here?

**Shri C. Subramaniam:** Evidently the hon. Member is not aware of the situation in the country.

**Shri Ranga:** I am coming to that.

Take Rourkela. Even the Deputy Minister deplored the fact that production is going down because there is a go-slow process. The senior Minister himself also deplored it at the time of the question hour. Why is all this happening? It is because of the wrong labour policy that is being pursued by Government not only here but over the whole gamut of their State enterprises, more so here. Is it not necessary for my hon. friend to begin to think that just as he is asking the staff and various other people to think

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of their interest and stake in a particular plant and in its production and so on, similarly labour also should be helped to feel the same way, feel that the plant is theirs also and they are partners in that great enterprise and therefore, they should co-operate with the management? What is it that is standing in the way?

This Government is functioning there first as the management, next also as a labour leader through its own Congress Party and its labour wing, the INTUC. I was one of the founders of the INTUC because I was anxious that labour in our country should be liberated from the clutches of the communists and the communist-controlled AITUC. That was years ago. But now we have made so much progress with these State enterprises. The time has come when they must begin to think that it is much better for them not to think in terms of INTUC or AITUC or HMS or any of these political All India unions, but to deal with labour as they would deal with their own staff, as if they are one of the partners in this great enterprise and help them to play their role in an honourable way instead of taking advantage of repressive laws.

**Shri Surendranath Dwivedy (Kendrapara):** That is too much to expect of them.

**Shri Ranga:** There is the HMS, the AITUC, the INTUC and various other unions. What happens? The local Government is allowed to take a kind of census or make a study as to who commands the majority or the largest single majority as a whole among the workers. The local Government has its politics too. It plays mischief in this, as it is playing mischief within its own ranks, the Congress Party, as so many other political parties are also obliged to indulge among themselves. This very same curse is repeated also in regard to labour, so much so that they play mischief. With what result? The workers get frustrated.

In Rourkela, there is the HMS. But it is not recognised. Then what happens? They feel unhappy. On top of it, their leaders are put in jail. Then so many problems arise between the management and the workers. An ordinary worker is a small man, but when he joins a union, he becomes a big man and becomes conscious of his rights. And he has got leadership. But the leaders are put in jail and all sorts of persecutions go on. No wonder this trouble arises.

Therefore, some machinery has got to be devised by the Government which would always be there. Here is the Minister. Sometimes he takes care to see the workers, sometimes he does not care to see them. So where is the redress for the workers. Here is the Minister. There is the management and there are the workers. In between, there must be some machinery which the Minister as well as the workers should be able to reach, before which they would be able to state their case. Let the judgment be given by that body. How, in what way that machinery has to be set up has got to be examined.

We have the labour code and the tripartite labour conference. Unfortunately, the labour code is being exploited only in one way, as a one-way traffic. The tripartite conference also may not be quite satisfactory. Therefore, we have got to break away from this trammel. This is so not only in regard to these enterprises but also other State enterprises, more especially the ordnance factories. Let them get together the labour leaders at the all-India level, at the State level and at the plant level and devise some sensible labour policy which will help the country and save us from the fear of sabotage. Going slow is sabotage, according to me. There are various other things which should not be done in an emergency, which if done would also be sabotage. Let them get together and evolve a suitable labour policy. It is not possible for me to outline any satisfactory labour policy

here and now, but it is time they began to think of evolving a satisfactory labour policy.

In regard to prices of iron and steel and their by-products, I want them to see that the prices they would be charging for these items in the production of steel would not be too high. They have already raised them. I would like them to review this from time to time and see that industry as a whole need not have to pay too much for these items.

Then there is the question of the relationship between Government and the management. My hon. friend has evolved one particular formula, that the Government should not be approached and need not be approached for everything, that the steel corporation people should be more or less autonomous in regard to their day to day activities. Then comes his idea of decentralisation. Everything would be all right on paper, but in actual practice we do not know how it is being worked. I would like to be assured in this respect, but it is not only a matter of mere assurance. I would like the hon. Minister also to give a lead and try and see that partisan interests, political interests, are not given any kind of an opportunity to play their mischief either directly or indirectly.

Secondly, Parliament's intentions, Parliament's views, Parliament's fears, Parliament's criticisms should be allowed to go down to the plant level itself with all the support that the Minister can possibly give, so that Parliament's control would come to be really effective. At present it is not effective. In fact, the move seems to be to keep away Parliament, to keep all these people in purdah, and bring the three Ministers here. These three alone are available to us. What goes on behind the purdah and the harem is to be between themselves only. That sort of thing is not going to be helpful.

I am glad that in regard to coal, they have decided upon having a local

committee and a local manager for each one of these five areas they have. They have got to develop it also for the iron and steel industry. Even then the Minister must have effective control over these industries. He is now master of how many crores?—more than Rs. 1,200 crores, and if they are to have their own way, in another two or three years, it will be Rs. 1,500 crores worth of national assets. He has got to have complete control over it. What sort of control?—the sort of control an example of which he gave the other day, and with which we were pleased. That was, when a fire broke out, for about two or three hours no effective steps were taken, and the Minister had the guts to suspend a high officer and then order an enquiry. That is the kind of control we would like the Minister to have. But then, behind the Minister, there is this paraphernalia of our highly prized bureaucrats at the Centre. What are we to do? I cannot very well say that the Minister should be divorced from the Secretaries. The Secretaries must have their own authority, I agree, but below the Secretaries also, are you to have these IAS and ICS people in charge of these industrial plants?

Years ago, when I made a suggestion to the late Dr. Shyama Prasad Mukerjee, when he was Minister of Commerce and Industry, he promised to develop what is known as industrial civil service or industrial management service. They have not been able to develop it. We are only trying to encroach on the State services by saying that for such and such a subject there must be an All India Service and so on. The latest is that the Education Minister wants to have simultaneous control over education in the States also. But why not they think of it here in regard to this? When they have developed so many of these industries, so many plants, so many thousands of crores are being invested here, it is high time for them to develop that service and to see to it that they are all interlinked in a proper and sensible manner.

[Shri Ranga]

One man is in charge of HMT. He has made a great job of it. Should it not be possible for us to make use of his services for something bigger, instead of keeping him there and expecting him, like a chicken, to yield a number of eggs by way of subsidiary HMTs?

There was another officer, a first rate officer. I found him to be so very efficient when I went to Rourkela as Chairman of the Public Accounts Committee. What happened? He was simply passed over. Out of disgust he resigned and went away. Who has gained? He has not gained. I told him so when he came to tell me he was resigning. He asked: "why did you resign from the Congress; if it is a matter of policy with you. It is a matter of self-respect with me; these people have misbehaved and insulted me, how do you expect me to continue in service any longer?" That is the sort of mismanagement that is going on. Some of our first-rate people are getting frustrated with the wrongheadedness with which they are being treated by the higher echelons behind the Minister, and therefore, something has got to be done to set right such matters.

My leader Rajaji has been warning the country for a number of years against what is known as gigantism and Statism. My hon. friend was also once his *chela*.

**Shri C. Subramaniam:** Even now.

**Shri Ranga:** I am glad he claims himself also to be one of my colleagues now.

**Shri Nath Pai (Rajapur):** He says he is Rajaji's *chela*.

**Shri Ranga:** I am also, and so we both are colleagues.

With his experience, ambitious though he is, as he ought to be, he

should see that this gigantism in the shape of huge, big projects, which were expected to cost us only Rs. 350 crores to start with and which have now come to cost us Rs. 800 or Rs. 900 crores; he must be seeing now how much truth there is in the warning that Rajaji has been giving against gigantism.

Secondly, Statism is another danger. Statism is not going to yield all good results. True, it would yield some good results, but good and bad put together, the net result must be substantial. Otherwise, all this money should not be placed in the hands of the administrators and bureaucrats and power-mad people, people who cannot be sufficiently controlled. My hon. friend is not an engineer like Dr. K. L. Rao. Even if he is a metallurgical engineer, today there are various other kinds of engineers, and it is not so easy to control these people as well as the other people in it. He might ask: would private enterprise do it better? If they cannot, they pay the price, but he does not have to pay the price. Ranchi or Bhopal can go to dogs, and yet he would be here as long as he enjoys the sunshine of his leader, Shri Jawaharlal Nehru. The great managing directors need not have to resign, become bankrupt, but they lose their reputation among their conferees, as the private entrepreneurs have to. There is the big difference.

What is more, the State can lay down the law also. Yesterday Shri Thimmaiah was saying that if some of these small coal mine owners do not manage their enterprises properly and do not accept the advice of Government in regard to amalgamation, utilisation of better machinery and all the rest of it, legislation would be introduced. That is the power, the reserve power of the State which I would like to be kept there always, that is exactly what Rajaji has in mind. to be utilised in order to see that these private entrepreneurs use

the national resources carefully, sensibly, wisely and effectively.

Anyhow, we have come to have all these State enterprises. In order to manage them, we should have some effective control as we have over the railways thanks to the special procedure we are having. What is the special procedure we can have in regard to all these State enterprises except the few remarks and admonitions and exhortations that the Finance Minister manages to display his courage in expressing, and that too, only once in a while the Finance Minister is allowed even to express these exhortations. Therefore, the time has come for the Government not only in this Ministry, but in all the Ministries to consider this aspect. I am glad to see that the Finance Minister also is here. More especially it is the special task of the Finance Minister, because at one time he used to be the watch-dog of the finances of the country, of the economy of the country also on behalf of the Government and the nation.

**The Minister of Finance (Shri T. T. Krishnamachari):** Now he is a doormat?

**Shri Ranga:** You can never become my man because you have sold yourself to socialism.

The Finance Ministers have now given up their real functions. So, the time has now come for the Government to reorient their policies once again in regard to these so-called State enterprises and see that the State enterprises do not display all the evils of monopolies which we want to put down.

13.00 hrs.

**Mr. Speaker:** I will request hon. Members not to take more than ten minutes each.

**Shri Harish Chandra Mathur:** Mr. Speaker, my esteemed friend Ranga started his speech by saying about the high cost of production. We are

all anxious that the cost of production should be brought down as otherwise we will not be able to stand competition. But I wonder if he realises that the cost of production in the public sector enterprises is high because of the high capital cost of the new plants...

**Shri Ranga:** See What Mr. Morarka says.

**Shri Harish Chandra Mathur:** My hon. friend also forgets that the cost is higher because of the labour element. I do not know whether he realises also that the cost of production in the public sector is not higher than is in the private sector.... (*Interruption.*)

13.01 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I started by saying that the cost of production must go down and I entirely agree with Mr. Morarka's observations that there is overstaffing in most of the public sector enterprises. Improved techniques must also be adopted to bring down the cost.

My hon. friend the Deputy Minister made a great point about the dispersal of industries in the public sector and he was justifying it by saying that they are going to have a steel plant at Bhadravati. I do not know whether it lies in the mouth of this Ministry to speak about dispersal of industries. During the Question Hour today, I pointed out that out of Rs. 590 crores which Government have spent during the first three years of this Plan, Rajasthan got only Rs. 0.8 crores and out of Rs. 211 crores which are going to be spent, you will give Rajasthan only Rs. 0.6 crores. May I ask the Minister whether he has taken any initiative from his side to give any public sector enterprise to Rajasthan? Still they have the check to talk about the dispersal of industries. There is such an unbalanced development in our country and very little or no action has been taken to set this right. The



[Shri Harish Chandra Mathur]

Minister is not entirely responsible but he is certainly responsible for a large number of public sector enterprises and all the heavy engineering industries. There is no reason why he should not have been able to give some industries to these areas which have been starved in the First, Second and even the Third Plan period. I therefore, charge the Minister of utter negligence in this direction. Even these two projects which are there have been criminally neglected. There is no justification, in respect of Kotah project, why steps should not have been taken in the earlier years. Copper is so scarce; the Khetri project is there and its progress has been dismally slow. Foreign exchange is now being negotiated with the Aid India Club. I do not know why the foreign exchange of 5 million dollars which was asked for was not made available; they have given no explanation. Only three days back we had a report which gives a very unfortunate picture. I know that the Chief Minister of Rajasthan has addressed a strong letter on the subject to the Prime Minister, to the Deputy Chairman of the Planning Commission and perhaps—I do not know—to the Minister. What have they done about it. The hon. Minister has given us the impression of having a clear head and a firm hand. But unfortunately this is not reflected in the projects which are under his care. He made some efforts at fresh thinking and also wanted to bring about some vigour but it is unfortunate that there has hardly been any impact on the projects which are controlled by him and the entire industrial development of the country depends upon them. Their performance both in production and distribution has not at all been satisfactory, be it steel or coal. We want these projects to be run as autonomous bodies, on commercial lines. We agree there should be no rigidity; the management should have the power to take decisions on the spot. When we say that they should be

run on commercial lines, it also means that every pie has to be taken care of. I do not think this spirit has been injected in any of the managements there. The old rules and the old civilians have failed to deliver the goods. It is time that we took serious note of the situation. The steel projects are not in good health. Bhilai is an exception but it was well on its feet even before the hon. Minister took it over. Planning, production and distribution are in a bad way. The delays are proverbial. The small-scale industry man has no place for six months or even for two years, there are no supplies; they come and represent and they are told that it usually takes two years; the supply will be after three years. The Bhopal Heavy Electricals and the Ranchi Heavy Engineering are in heavy troubles. Coal production, grading, utilisation—these also need the attention of the hon. Minister.

I will say only two words of warning to the Minister. There is likely to be a crisis of steel in the Fourth Plan, until and unless we take special note of it now and not wait and depend as we did during the Third Plan. I further wish to tell him that he should be prepared for the labour trouble. Labour trouble would be fomented. I have not the least doubt about it. It is not that it came in Bhopal all of a sudden; it was brewing. He must see that the administration of these projects, is geared up and streamlined and they have their fingers on the pulse of labour all the time.

I will mention something which has not been mentioned about the small car project. It is a standing complaint. I am not prepared to believe that it floundered only on the rock of foreign exchange. We have been told that this project was formulated in collaboration with certain foreign companies and that they had a good enough scheme to see that the foreign exchange part of it would be met out of the earnings of

car that would be produced in this country. I do not know why the hon. Minister does not take it up. I do not think that we are so bad off even in matter of the foreign exchange; it could be repaid by the export of the cars. He is pursuing a sort of a plan which to me appears to be tomfoolery, of bringing together or pooling together the capacity of all the present companies. He had to admit on the floor of the House that he had not even examined the technical feasibility. We are being told—I do not know how far it is correct—that his mind is already made up in favour of the standard car. I would rather like that he clears the air about it. There is the Lal Committee which had given a clear recommendation in the matter; even the location of the plant had been decided upon by it. These facts have been kept back from Parliament. I hope this fact will be revealed to Parliament and a clean breast of the whole affair would be made.

Then I come to small tractors. It is really unfortunate: according to the Ministry of Agriculture, the demand of the tractors is about 50,000. We are not even able to supply 5,000 today. What is the position? Now, they say that licences have been issued, but if the licences have been issued, may I know when the factories are likely to go into production and to what extent the demand of the agriculturists would be met?

One last word, and that is about the scooter. The hon. Finance Minister made an observation the other day that the price of the scooter should be brought down. Certainly, he makes a qualified statement, that it can be brought down provided the production goes up. But, in an answer the day before yesterday, he said he is not taking whatsoever steps to see that any particular unit is being set up in the public sector or any particular unit is going to step up the production of scooters in a manner that the prices would go down. I was

told in an answer the day before yesterday that all the five who are in the field will be treated equally and they will be permitted to expand. If it is so, how are the prices going to come down, and how is the poor man, the middleman, who is using tractors, going to be taken care of? It needs an explanation. I do hope that some attention will be paid to all these three items, and also to the major issues which I have mentioned very briefly.

**Shri R. G. Dubey** (Bijapur North): Mr. Deputy-Speaker, Sir, I consider it a matter of privilege to participate in the discussion concerning the Ministry of Steel, Mines and Heavy Engineering. I am happy that Shri Subramaniam is at the helm of affairs so far as this Ministry is concerned. He is one of our able men, and as is known to all, he is one of the top theoreticians so far as policy-making and organisation is concerned. Why I say this is because this Ministry plays a very vital part in the building up of a sound foundation for the new order that we visualise.

In my opinion, there are two vital Ministries in the Government of India: one is the Finance Ministry, which is responsible for the fiscal and monetary policies, taxation policies, and which plays a very important role in bringing about that social transformation which we desire so much. The other is the Ministry dealing with the public sector industries, that is, steel and heavy engineering. This Ministry is actually, so to say, a school or workshop where we carry on experiments towards socialism, build a sort of plan base for the attainment of a new order. In this context I feel that this Ministry assumes or occupies a very important place.

I was hearing the leader of the Swatantra party offering his remarks. I was surprised, I do not think that even in the West, where the people

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do not believe in socialism or that kind of thing, they are opposed to gigantism. He quoted Rajaji saying that we should not go in the direction of gigantism. What else could we do if we want basic industries, heavy industries, to develop in the country? How can we avoid this path of heavy industries unless you want to close yourself from technology and advance in the field of science in the world, unless you want to remain behind developments in the military field or science? What else could? That is, therefore, a wrong criticism. I am told that some hon. Members said that thousands of rupees are invested in the public sector and bureaucracy is at the head of it. I am not against removing the shortcomings in this organisation if there are any. But, I want to ask the House, what else could you suggest.

There are only two ways. We have abolished the managing agency system. There are Boards of Directors. Labour, I believe, is represented in each undertaking. This is one way. There are also works committees. I can imagine another way, another extreme remedy. That is, we can entrust the running of these enterprises to the workers' councils or what you call the trade union cartel. Now, at this stage of development,—what will happen after five or 10 years and whether we would adopt the Yugoslavian or the Russian model, I do not know—and in the present context, I do think that we are not in a position to entrust the working of the undertakings to workers' councils. So, the Government, after having considered all aspects of the question, have fixed upon the reasonable type of organisation. So, in that sense, there is nothing wrong. But I do feel that just like we have got the production incentive scheme, to increase production,—I would suggest it for the consideration of the Ministry—we could also have a kind of incentive or remuneration for attending to pro-

blems of maintenance and repairs. By this, I do not mean maintenance and repairs in the ordinary sense of the term. There may be intricate problems of repairs and maintenance. The other day, the 'C' power station in Delhi became defective. People had to be called from Japan. They attended to it, and now the station is functioning smoothly, but they are not able to decide the exact nature of the trouble.

I was told that in Ahmedabad—I do not recollect the exact facts—there was a local plant functioning. There was a defect, and Shri Ambalal Sarabhai wanted to send for a Japanese technician to repair it. I was told also that some local mechanic offered his services and said, "If you give me an opportunity, I will set right this plant." And actually, that local mechanic, within a couple of days, set right the defect in the machine and the machine started working. Possibly, Shri Morarka might be knowing this particular case better. So, what I want to suggest is, let us have faith in the ability of the Indian technician, the individual technician, our own workmen. Sometimes, a non-educated workman may be good in experience; he may have better experience. If you trust the capacity of our workmen in the plant, in that case, we could attend to many of the problems of repairs and maintenance and not depend upon foreign technicians for anything and everything.

From that point of view, I visualise a board approach to the workmen who work in the industry. I suggest that the Minister in charge should develop a kind of personal affinity towards the workers and a personal contact. As you know, these public sector industries came up in Russia and China where there was a spate of bloodshed and revolution. Here, we do not go that way. Here, the transfer of power was made in an

orderly way. So we cannot copy the model obtaining in those countries for our public sector undertakings. In those countries, the persons who led the revolution are in charge of the various sectors of industry. We cannot visualise that here.

Now, I want to make a suggestion. Some of our senior Congressmen came out of the Government in order to attend to the problems of organisation. I do place this suggestion before the Government. Some of the top Congressmen, or, for that matter, even those from outside the Congress if they are outstanding people in the country, with patriotic spirit, and who have some knowledge, may be placed in charge of these industries. Why should they not be placed in charge of these industries so that they may make a success of them?

One gets the impression that these industries take a lot of time from the stage of planning, designing, construction, erection and production. If the Ministry could give in their appendix a detailed statement regarding particular industries, showing on what date actually the decision was taken, how much time it took for implementation, and so on, it would be useful. I am for taking a sympathetic view of the whole affair.

Now, there is a growing feeling in the House and outside that public sector industries also must show results and profits. I agree; when we invest crores of rupees, how could we say that these industries should be running into losses? But, here, I would like the House to consider another aspect of the matter. You know that in India we give certain industries protection *vis a vis* foreign countries. Our tariff policies, our import-export policies and so on are so designed as to protect some category of industries. In the same manner, I ask you, why should we not for sometime to to come, give definite protection to the public sector industries *vis-a-vis* the private sector? As you know, to-

day, the greatest problem in the country is controlling the prices, or bringing the prices within a reasonable limit, because, if the prices soar, our whole economy would fail and our planning goes *phut*. How are we going to do it? The question is one of the volume of goods produced in the country. Even today, despite the fact that thousands of rupees are invested in the public sector industries, the volume of goods produced is much more, and they are in very large numbers in the private sector. Unless the large bulk of goods produced in the society, is produced by the public sector, this problem of prices is not going to be satisfactorily solved. So, I would suggest that the Minister in charge of this subject may consider this point: why not extend the scope of these industries to consumer goods industries. That is why I say that merely because you allow estate duty, merely because there is expenditure tax, merely because there is gift tax, you are not going to bring socialism to fruition. If you do not want to go that way, that is a different matter, but if you want that, you will have to see that some definite economic policy in favour of the public sector is adopted so that the public sector will have a dominant voice. Let the private sector be there. It is for profit, whereas the public sector is for public service. This background has to be kept in mind I make this difference.

Under heavy engineering, there are two sectors, private and public sector. Under the private sector, various sugar machinery, cement machinery, etc. have been progressing. But I want to draw the attention of the Minister with regard to the agricultural machinery—agricultural tractors and certain allied things. I am sorry to see that the production of tractors has gone down. The reason given is foreign exchange was not allocated to a sufficient extent. All of us agree in this House, including the Prime Minister and the Finance Minister, that un-

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less agricultural production is given incentives, we are not going to solve the problem. Instead of spending Rs. 150 crores or Rs. 200 crores for importing wheat, why not give priority to tractor production? If private sector is not in a position to manufacture tractors within a reasonable time, the Steel and Heavy Engineering Ministry may consider producing tractors. Hon. Members mentioned about cars. I am not particular about it. If there are no cars in the country, there is nothing wrong. But let tractors be produced. Let us take up the question of production of tractors and other allied machinery seriously, because that would be a concrete step towards increasing the food production.

**Shri L. N. Bhanj Deo** (Keonjhar):

Sir, I am very happy that much has been spoken about dispersal of the steel mills and it is a very good sign. Both strategically and economically, they should be dispersed. In the report it is stated that it is going to be located at Goa, Salem-Neiveli area and Bailadilla-Vishakapatnam area also is being considered for this. Of all these three, I feel that Goa is the ideal place, because it has a natural port and abounds in rich iron ore, which can be utilised for a steel plant. From the strategic point of view, it is no good locating the steel mills in the same area. As one hon. Member said, in case of war or emergency, it becomes difficult. In that context, I may look a little parochial and I will mention not about steel mill, but about a pig iron plant, which is very essential to be located in Talcher, where they are going to have a thermal plant. The area also abounds in rich iron ore. Since we are short of pig iron, it would be worth-while to have a pig iron factory there. It will also produce fertilizer and meet the shortage of our pig iron and fertilizer requirements.

In that context, the hon. Minister misunderstood me when I was speak-

ing on the petro-chemical industries. He said we have a fertiliser factory at Rourkela and it is not necessary that we should have another factory in Orissa. This fertiliser factory in Orissa was connected with the steel mill at Rourkela, but due to certain difficulties about power and various other factors, it has not gone into cent per cent production. That is why the fertiliser shortage in the region is not being fully met.

About decontrol of steel, the Minister made a policy statement the other day in consonance with the Raj Committee's report. It is a very nice thing to have done that, but I would only ask the Minister, have we got the machinery to implement the decontrol on which we have now embarked? When the hon. Finance Minister last December made a policy statement about decontrol of about 16 items of which caustic soda was one, as soon as they were decontrolled, there was a spurt in price. I want the Minister to tell me, since decontrol has been effected in steel if there has been any spurt in price and if the Government have kept any watch over that. If they are going to put a stop on the spurt of price, have they got any effective machinery to enforce that?

I will come to the retention price of steel about which the Raj Committee has reported. The tariff Commission on expert body had recommended about two years ago also the same measure, but at that time Government, for reasons best known to them, did not accept it. But later on, they had to accept it because when they found that they had given heavy loans to two private sector steel factories and they were not able to recover their losses and pay back their interest, they had to revise the retention price. Why is it done in this slipshod manner? When we have an expert body like the Tariff Commission, their recommendation is not accepted. When the Raj Committee report was

received, we did the same thing in another manner. So, I would suggest that the recommendations of expert bodies like Tariff Commission or other bodies appointed by the Ministry should not be whittled down in this manner.

The prices of raw materials have been pertinently mentioned both in the PAC reports and in the speeches of my hon. friends here. I will not go to the other aspects, because they have been well dealt with by other hon. Members. I will confine myself to one or two points regarding raw materials about the iron ore supplied from Kiriburu or from Bolani. In this connection, the Ministry have stated in page 11 of their report that "Bolani in the Gua region of Orissa." I want to ask the Minister or the Parliamentary Secretary whether Bolani is in Bihar or Orissa?

**The Parliamentary Secretary to the Minister of Steel, Mines and Heavy Engineering (Shri Thimmaiah):** It is a printing mistake.

**Shri L. N. Bhanja Deo:** If it is a printing mistake, this is sent to all other States and you also want us to consume this. How do you expect us to deal with the matter?

**Shri Thimmaiah:** You have not referred to the correction slips perhaps.

**Shri L. N. Bhanja Deo:** I hope you will send me one.

I am told that at Kiriburu, the cost of production is about Rs. 10 to Rs. 15 per ton of iron. It was first earmarked for export to Japan, but as the cost of production has gone up, I hear it is being earmarked for consumption at Bokaro when that steel plant comes up. I hope the Minister will correct me if I am making a misstatement. I would like Government to categorically tell the House whether it is due to mechanisation that it has gone up. Steel mills are meant for use of selective grades. You re-

members in ourkela, the ores produced from different mines were being rejected, because they vary from mine to mine, due to the constituents of raw material. That is why we cannot sort ores mechanically or blend them and send the ore for consumption without proper selection being adhered to. In that respect, we have to be careful. Eventually that is going to be used in one of the steelmills about which we are having a lot of controversy. We have to learn from controversy. We have to learn from what the Public Accounts Committee has stated, that our cost of production goes up due to lack of proper planning and because we are not careful about factors like raw materials and other things used in the steel plants the prices go up. That is why we have to be particularly careful.

With that also is linked the supply of ore from private mines. I am told that the private mines also are having some little difficulty because there are complex problems like sales tax and other factors which are a deterrent. I hope these matters would be settled between the State Government and the Government of India so that the private sector is not made to suffer on account of these things.

Then I come to the question of fall of manganese ore export. It is going down in the country, and it is not to our benefit. This fact has also been clearly stated in the report. In this context, I will refer to one of the articles on minerals and industries which says about the beneficiation plants which are very necessary if our manganese is to be restored to its old glory. It says that unless we have the beneficiation plants to step up our low grade ores there is no salvation for the country. For want of time I will not quote from the actual article and I will go to other points.

Having said that, I will now turn to another matter which is a burning question of my area. The Ministry

\* ]Shri L. N. Bhanja Deo[

has accepted that the pithead value or royalty is a national factor because ore is only sold at the pithead. That is why they have rightly revised the rates of royalty on a flat basis. But still there are little pinpricks as regards old rates in respect of certain States, and I hope the Ministry will kindly look into that and give the needed relief.

I would say, Sir, that carrying the burden of this commercial undertaking is indeed a heavy job and the Minister's position in this regard is indeed unenviable, because he is always on fire both from us the hon. Members of this House and also from the labour engaged and the people of the country. I hope he will bear in mind what has been stated in the report of the Public Accounts Committee. In that context I will not be wrong in reminding the hon. Minister about one wise saying of Confucius where he said that the "Greatest glory is not in never falling but in rising every time we fall." I am sure if this adage is adhered to in all our public undertakings, be it steel mills, heavy engineering or mines and metals, we are bound to succeed.

**Shri Shinkre** (Marmagao): Mr. Deputy-Speaker, Sir, I thank you very much indeed for allowing me to participate in this important debate. Although the reports of the Public Accounts Committee and the Estimates Committee circulated amongst the Members of this House do not do much credit to the performance of this Ministry, I still hold the view that this Minister is one of the few central Ministers who has really taken to his job. He is a man with some outstanding qualities and we can hope that at least he means business and eventually he will be able to deliver the goods.

Sir, as the time at my disposal is bound to be very limited I will confine myself to the cut motions stand-

ing in my name and restrict my remarks and observations to the four cut motions standing in my name. The first one refers to the need to set up a factory for the manufacture of people's car immediately. Other hon. Members of this House have referred to this matter. The other day the hon. Minister informed this House that the matter has been referred to the private manufacturers of automobiles in the country and their reaction is expected. Then only, he said, it could be said whether some steps will be taken regarding this matter.

I may be allowed, Sir, to say that this approach appears to be, to say the least, a very naive approach to the whole problem. To expect that the reaction of the private industry or the manufacturers of automobiles in the country will be helpful for the country or the Government to overcome the muddle of the so-called people's car is to ignore completely the performance of the private industry all these years. I feel that the Ministry is being very heavily pressurised from some quarters. It is not an idle statement that I am making. In this connection, I may be permitted to recall a few old facts which have a definite bearing on this matter.

As I am speaking off-hand, completely out of my memory based on facts that came to my knowledge through newspaper reports published at that time, I am open for correction. Somewhere in 1952 or 1953 the Government of India served notices on the then existing automobile assembly plants in the country that they should give an undertaking or assurance that by the end of 1956 they should produce cent per cent Indian made cars and failing to give such an assurance they should stop the assembly of automobiles in the country by that time—that is, end of 1956. I recall, Sir, that only one such assembly plant gave this assurance, and that

was the Studebaker Motor Company of America, if I am not mistaken. As a result of this demand on the part of the Government of India the assembly plants owned by Ford Motor Company and General Motors were subsequently closed, I think, before the end of 1956. After this dead-line, the Studebaker Motor Company with which, according to my information, the house of Birlas was connected, applied for a fresh extension. Even after that more and more extensions were granted to this concern. Meanwhile, I think, the Hindustan Motor Company came into being—with which also the house of Birlas is connected. This concern is already about ten years old, but so far no fully Indian-made car is available in the country. The percentage of Indian-made components or parts in the cars as marketed today, according to the latest information provided by the Ministry, is somewhere in the region of 60. Therefore, still 40 per cent of the components are being imported from abroad. When the public starts complaining about the poor quality of the product marketed or the use of non-Indian parts in the automobiles, it is replied on behalf of the manufacturers that they are not provided with enough foreign exchange. When the people ask the Government, the Government also confirms that they are not in a position to provide these private manufacturers with the required foreign exchange.

In this context one would pertinently ask whether, in 1952 or 1953 when the Government served these notices, the Government of India, or for that matter the country, had enough reserves of foreign exchange so that it did not come to their mind to ask from these private manufacturers also for an assurance that no foreign exchange would be asked by them; or at that time also not enough foreign exchange was available with us but still the Government were not sharp enough to demand an assurance of that kind.

So, as I said earlier, I feel—and I think this is the general feeling—that the Ministry is very much pressurised by some quarters not to make any headway regarding the so-called people's car in the public sector although the public sector undertakings in the country have shown very poor results and I need not put forth any fresh arguments because what one outstanding Member of the ruling party and their main spokesman, Shri Radheshyam Morarka, gave to this House yesterday is enough certificate of inefficiency to the Government regarding the undertakings that are lying under their command.

Yesterday another hon. Member of the ruling party—I think, my hon. friend, Shri Pant—suggested that the Opposition should observe a certain code of conduct whilst making or levelling criticism against governmental policies and see that the criticism does not help anti-national activities and does not eventually result in the detriment of the country and the national economy. I quite agree with his suggestion; but he failed to realise that the code of conduct is, to say the least, a reciprocal process. If there is a code of conduct that the Opposition should observe, there is also another code of conduct that the Government or the ruling party has to observe. Without exaggerating I might point out here that any of the several blunders that Shri Morarka listed yesterday, not to refer to what Shri Nath Pai said, would have been enough in any democratic set-up worth the name for the resignation of the Minister of the Ministry concerned as well as the resignation of the Government because there are conventions established in the democratic set-up as to what the Government should do and what the Government should not do; otherwise, I am afraid, I will have to say that this Ministry helps or gives some sort of reason to the critics of the democratic rule in the world.



**Mr. Deputy-Speaker :** The hon. Member's time is up.

**Shri Shinkre :** I should be allowed a few more minutes.

**Mr. Deputy-Speaker:** Two minutes.

**Shri Shinkre:** Everybody knows that it was one of the pet theories of Hitler that democracy is such a form of government wherein you rule without responsibility. No better example of 'rule without responsibility' could be provided to this House than what Sri Morarka himself mentioned, the net summary of which amounts to this simple fact that what was estimated to be three eventually became 12 or 15, that is, four or five times. The country had to bear four or five times more than what had been originally or initially planned or projected for. This means, in other words, that three or four times more money of the public of this country was wasted as a result of mismanagement of the undertakings which have been entrusted with the Ministry the Demands of which are being discussed.

The other points of mine are directly bearing on the constituency that I represent, that is, Goa. My second cut motion refers to the need for speedy utilisation of huge iron ore resources in Goa as an actual foreign exchange earner. In this connection I might mention that as far as the export of iron ore or any raw material is concerned, the policy could only be a short-term policy because a key and important raw material like iron ore cannot be exported for ever from one country to another. In this regard the Government have to set up a definite deadline and say right from now that we will not allow the export of iron ore from this country to anywhere abroad after a specific date.

**Mr. Deputy-Speaker:** The hon. Member's time is up.

**Shri Shinkre:** A few minutes more.

**Mr. Deputy-Speaker:** No, no.

**Shri Shinkre:** Therefore my suggestion is that the Government and this Ministry should pay particular attention to the iron ore reserves of Goa because Goa happens to be very near a natural harbour and Goa happens to have all the first-class natural conditions of transport and allied equipment which has already been in existence there for so many years. As I suggested during the debate on the Grants of the Railway Ministry, it is only a matter of changing the existing metre gauge line into a broad gauge line and an additional railway line between Bicholim and Collem so as to make a full belt between Bicholim and Marmagao harbour passing through Collem and Sancordem, another mining area. The Government would easily be in a position to lift from Goa alone, to my mind, without much difficulty and without much time lost something like 15 million tonnes as against 6 million tonnes of today.

The only other point that I want to make is this. According to this Report, from the 1st October 1963 the Government have applied to the Union territories of Goa, Daman and Diu and Pondicherry the Mines and Minerals Act, 1957. It is a very good step; it is a step in the right direction because all the mines must come under one centralised control. There is no doubt about it; but I only request the Ministry that they should pay some attention to the actual facts existing in Goa.

**Mr. Deputy-Speaker:** The hon. Member's time is up.

**Shri Shinkre:** Only two minutes.

**Mr. Deputy-Speaker:** You have taken too much time. You should close now.

**Shri Shinkre:** This is very important for my constituency.

**Mr. Deputy-Speaker:** There are several hon. Members waiting.

**Shri Shinkre:** Only two minutes.

**Mr. Deputy-Speaker:** Please wind up your remarks. You wanted two minutes. You have taken three minutes.

**Shri Shinkre:** As the hon. Minister himself knows, there are about 400 to 500 small mining units in Goa and the application or enforcement of this Act and the rules connected with that immediately to the smaller units which are no better than petty shopkeepers would bring to them a very difficult situation. I do not want to say that the Government have been anything like harsh on them. They have not done anything up till now. They have been very lenient. My request simply is that they should also take into consideration this fact that these small mine-owners, just like the petty shopkeepers, cannot afford easily to abide by and pay proper attention to and respect all these rules without incurring a lot of difficulties.

**Shri B. K. Das (Contai):** Mr. Deputy-Speaker, Sir, my hon. friend who began the speech showering praise on the hon. Minister in the middle came to the conclusion that he ought to resign because of his management of his Ministry. Without going into his arguments, I would only point out that the achievement of this Ministry in certain projects has been something which we can be proud of. We can just mention the working of the HMT which has been able to stand in good stead in all our needs and has been able to produce certain things which are also being exported to other countries and the price is quite in keeping with the price which prevails in those countries.

Before going to other points, I would like to focus the attention of the House to one point which has not found expression in the discussion of this demand. In the Report that has been supplied to us, there appears this remark:

"On account of non-availability of qualified technical men

from outside and inadequate experience of their own technical personnel, a few senior posts at the higher levels in Hindustan Steel Limited remain unfilled."

I think proper attention should have been given to this aspect from the very beginning even before a project is planned and is given effect to. We find that there are so many foreign technicians in all the steel plants. Of course, when there is foreign collaboration, there ought to be foreign technicians and our people should also be associated with them to gain technical experience and other experience also in managing the steel plants. It is a matter of gratification that a number of foreign technicians are being replaced by our Indian technicians and we hope that within a reasonable measure of time our people will be able to take their place. Still there is a shortage of experienced personnel. This is what the Public Accounts Committee in its Thirty-third Report has remarked:

"The representative of the Hindustan Steel Limited added that the shortfall in production was due to more than one breakdown, non-availability of coal and iron ore of the quality envisaged in the project reports, shortage of experienced personnel and difficulties of transport.... ."

Again, here is a remark about the shortage of experienced personnel. The Report says:

"As regards the shortage of experienced personnel, the Committee would suggest the introduction of a suitable course of intensive training for the working personnel by rotation so that within a reasonable period of time a number of well-trained persons may be available. The Committee hope that the requirement of technical personnel for the Fourth Five Year Plan will be kept fully in view while chalking out the training programme."

[Shri B. K. Das]

We learn that for the steel plants that will be coming up during the Fourth Plan, we require a large number of technicians and other personnel. It has been estimated that the number of graduate engineers and technicians required will be 6000, the number of diploma-holders technicians required will be 11,000, and the number of skilled workers required will be 45,000. I think the Ministry is taking care and preparing in this regard so that all these persons may be available before the steel plants are started.

In the coal mining industry also, there is a great shortage of Class II officers and supervisory staff. There is no immediate sign of relief in this respect. In the public sector, we find that the National Coal Development Corporation have their own training programme. They have the training schools for apprentice mining. Engineers are also being trained and for specialised training our students are sent abroad to countries, like, U. S. A., France, U. K. and other countries where they get specialised training. Still there is a dearth of proper experienced personnel. There are facilities for theoretical training at degree level in this country but about the facilities for practical training there is no such thing. This aspect of the matter should also be looked into. Proper facilities for practical training should be created in this country so that we can get proper number of well-trained personnel. In the private sector, the recommendation of the Coal Council of India was that the mining industry should set up their own training schools. But I find that their response is not encouraging. I read in one press interview some remarks made by Lady Williams, Professor of Social Economics of London University. They are:

"A certain amount of compulsion was necessary to make firms and industrial units have their

own training programmes for apprentices. By an Act of Parliament promulgated recently, firms in Britain were bound to make financial contribution towards training programme."

Now, if the private sector does not come upto the expectation of this Department, it should be considered whether some sort of compulsion in this respect can be introduced. Other steps also should be taken to have a proper personnel in our steel plants and in other projects that we have in hand.

Another point to which I should like to focus the attention of this House is about the low-grade coal. Some hon. Members threw some light on this aspect of our coal problem. But one thing which has been brought to our notice is that the demand for coal during the Fourth Plan may go upto more than 154 million tons—it may even go upto 170 million tons. The Bokaro steel plant that is being set up now, steel mills in Goa and Vizagapatnam, expansion of Railways and the new thermal power plants that are coming up, will create a great demand and there should not be any relaxation in the expansion programme that we have taken in hand. It is gratifying to know that attempts are being made to clear the accumulations at pit-heads and other steps are being also taken so that there should not be any more accumulations and that our production, at present may be fruitfully utilised. It appears that in some quarters there may be an idea that there is over-production. But looking at the demand that we have before us, we should consider that our expansion programme should not be slowed down. Our coking coal deposits...

Mr. Deputy-Speaker: The hon. Member may conclude now. You can have two minutes more.

**Shri B. K. Das:** You are giving only 10 minutes each?

**Mr. Deputy-Speaker:** Yes, only 10 minutes each. I will call the Minister at 2.30 P.M.

**Shri B. K. Das:** Anyway, I will finish with this.

The Council on Applied Economic Research has made some remark about the amount of cow dung that we have been using as fuel in this country which could be used as manure and an additional quantity of 9 million tons of foodgrains could be produced. They also remark that the amount of cow dung used as fuel per year for the whole country was equivalent to 35 to 40 million tons of coal. It is also remarked that the loss was equivalent to burning of production of 12 Sindri factories every year. The House should take note of this remark of this Council and should take immediate steps in the matter. Of course, this department may not have much to do with this. But the Agriculture Ministry should take note of this and they should evolve some scheme either by giving subsidy or doing any other thing so that the rural population who secure their cow dung free, their fuel free, can make use of this low-grade coal as fuel and save this very important element which we can use as manure for our food production. And thereby 9 million tons of foodgrains may be produced in our own country to meet our food shortage.

14 hrs.

**Shri Rameshwar Tantia (Sikar):** Whatever might be the reasons, for the last two days, the Ministry did not get much of appreciation, except perhaps from the Parliamentary Secretary and the Deputy Minister who, of course, very ably defended the cause, but which was a poor cause.

As regards the heavy industries and the heavy engineering plant, much has  
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been said, and I shall deal with them a little later. I shall first start with the coal mining industry. The coal mining industry is a sick industry and an industry which is wasting itself year by year. Unfortunately, our deposits consist of 2 per cent superfine coal, 7 per cent medium grade coal and 91 per cent of coal whose grade is not yet determined but which is of a poor grade. Our consumption is of the order of 26 per cent of superfine coal, 62 per cent of the medium grade coal and only 11 per cent of the lower grade. If this will be the consumption pattern, within twenty years we might not have any superfine coal at all, and there might arise a situation when we may have to import coal from other countries. I do not know what Government are doing in this direction. But it is time that they have regulations to ensure that superfine coal is not used in this manner but is preserved at all costs. The only way to improve the situation is to set up more washeries so that we can explore the possibilities of using low grade coal more and more.

My hon. friend Shri Indrajit Gupta said yesterday that there was the need for amalgamation of collieries. It is necessary that a committee is appointed to go into this matter, and in the light of the report of that committee, Government might amalgamate the 500 odd collieries which are uneconomic or very small ones; of course, it might create some labour problem, but that has to be tackled properly.

As regards the NCDC, yesterday, the Parliamentary Secretary had stated that it made a profit of Rs. 1.25 crores. I would submit that it was a very poor profit after so many years, for a capital outlay of Rs. 70 crores, Rs. 35 crores by way of paid-up capital and Rs. 35 crores by way of loan. It is a very poor profit when compared to the profits which the other private sector collieries are making.

The coal mines have got funds, and they can import machinery. The

[Shri Rameshwar Tantia]

World Bank also, I think, have allowed them to import machinery, but, unfortunately the yield is so less because nobody has been able to enter into rupee payment arrangements and consequently, new mechanisation has not taken place. I would earnestly request the hon. Minister to go deeper into this whole question which is a very important question for this industry and do something to save this industry. Otherwise, the coal industry would pose a great problem before the country.

There are plenty of wagons but the coal is accumulating at the pit-heads, because there are not many buyers and there is not much demand. This was the only industry which was progressing according to Plan, but we are obliged to reduce the production capacity because we are not able to consume that much of coal which is produced.

My hon. friend Shri Harish Chandra Mathur was speaking about Rajasthan's industrialisation. I agree with him hundred per cent. I do not know why Rajasthan has been neglected as regards industrialisation in all ways. It is a poor State with just one crop which also depends upon rain. And yet, as regards industrialisation or the setting up of public sector projects in that State, it has been largely neglected.

There was one coal mine which was to be there at Khetri. I do not know what has happened to it. Originally it was expected to cost about Rs. 9 crores, but according to the revised estimates, it is expected to cost about Rs. 25 crores. But what is the progress that has been made after seven years? The construction of 314 quarters of various types has been taken up of which only 23 quarters have been completed. Here is a project originally estimated to cost Rs. 9 crores but which now costs about Rs. 25 crores or Rs. 26 crores, and up to this time, only 23 quarters have been built. If this is

going to be the progress of the Khetri mine, it will take at least forty years more for the mine to work properly. This is the treatment which Rajasthan has been meted out by this Ministry and by Government. I do not know what the reasons for the slow progress are.

The hon. Deputy Minister has said something with facts and figures with regard to the HMTL and the Heavy Engineering Corporation. But the Estimates Committee have not agreed with all his observations. In para 9 of their fifty-first report, they say:

"It is regrettable that though Government thought of setting up plants for heavy engineering industry as early as 1955, it took them three to five years to arrive at the decision. The urgency for the plants does not appear to have been fully realised and much precious time had been lost in the preliminaries."

Again, in para 26 they have stated that:

"The Committee consider it unfortunate that it should have taken the Government and the Corporation 3½ years in the various-outstages, i.e., preparation of detailed project report, finalising negotiations for purchase of plant and machinery, etc."

When the Estimates Committee have made these kinds of remarks so many times, I do not know what is there left for the hon. Minister to defend these things.

Again, in para 87 of their report, they have stated that:

"Thus in 1962-63 alone, tenders other than the lowest have been accepted in 20 cases. Besides, contracts were awarded without calling for tenders in 61 cases. These have been sought to be justified on grounds of urgency, etc."

In most of these cases, approval has been given by the Chairman and other officers of the Corporation under the powers delegated to them by the Government. Such cases do not appear to have been placed before the Board for its approval."

If you go through the Estimates Committee's report, you will find that they have gone deeply through all these cases and have pointed out the real position. Again, in para 123 of their report, they say that:

"The Committee are not satisfied with this explanation",

that is, the explanation given for entering into secret contracts with the consultants for organisation manuals at a total cost of about Rs. 27.24 lakhs. This is the position in regard to one of our biggest undertakings, namely the Heavy Engineering Corporation.

As regards the Heavy Electricals, Bhopal, the hon. Minister said yesterday that the strike was there and labour relations were not good. I would submit that these undertakings are the back-bone of our country, and if the labour laws are defective, we must amend them suitably, so that the labour will work or rather the labour must work. If the labour force is more and they would not work, how will the industry run and how will the country progress?

Shri A. N. Khosla, Governor of Orissa, while delivering the convocation address at the Indian School of Mines at Dhanbad, on the 9th February, 1964, called for a reduction in cost and the raising of output of the country's mineral production to compete in foreign markets; he also pointed out that the *per capita* output of our labour was low, and, therefore, the cost of production high. I do not know what the reasons are. My hon. friends like Indrajit Gupta say that this is because there are two unions, and it was the INTUC union in Ranchi or something

like that. But I would point out that in the Jay Engineering Co. in Calcutta, which claims to give the highest wages to its labourer, namely Rs. 300, there is a strike for the last 3½ months. It is not the INTUC union but it is the AITUC union there. I do not know what the reasons for the strike are. The labourers in that company were also given some share in the profits. This company was exporting Usha fans and Usha sewing machines to foreign countries, but the strike has been on in that company for the last 3-1½ months. So, I do not know whether the INTUC is to be blamed at all at Bhopal or at Ranchi. But I would submit that whoever is to blame must be taken to task and we must see that future occurrences like this do not happen in the industries which are the key industries of our country.

**Mr. Deputy-Speaker:** Shri Banerjee.

**Shri K. N. Pande (Hata):** How is the INTUC to be blamed there?

The INTUC is not there at all.

**Shri Rameshwar Tantia:** Shri Indrajit Gupta said that.

श्री श्रीकार लाल बेरवा : उपाध्यक्ष महोदय, हाउस में इस समय कोरम नहीं है।

**Mr. Deputy-Speaker:** The bell is being rung—Now there is quorum.

**Shri S. M. Banerjee (Kanpur)** I would like to make two or three points. Yesterday when Shri Thimmaiah was intervening in the debate, he did mention something about the Indian Bureau of Mines. I have today in my possession a list showing how camps have been closed and 32 workers on muster roll discharged from 30th March 1964. I have another list according to which 50 or 60 people

have been served with notices from 24th March 1964. I would like to know from the hon. Minister when he replies what is actually being done to avoid retrenchment in the Indian Bureau of Mines in those camps of muster roll staff. I want a definite assurance on this score. I was very happy to hear Shri Thimmaiah yesterday, but when I went home, I got this letter from Nagpur which has really perturbed me.

The second point, ably mentioned by Shri Bade and Shri Indrajit Gupta, concerns the anticipated retrenchment because of the partial decontrol on the basis of the Raj Committee report on iron and steel. I am told there are about 500—700 employees working under the Iron and Steel Controller, Calcutta. Some of these clerks have put in 20 years service. They were reverted many a time, they were retrenched many a time, they were reabsorbed many a time and they are facing this misfortune for the last so many years. An assurance has been given by the hon. Minister and the Ministry that their cases will be sympathetically considered and that they will not be thrown out of employment but that the Home Ministry will be approached to see that they are given a better deal. I would request the hon. Minister to kindly see that they are provided jobs in a permanent department. After all, they have put in 15, 18, 19 and 20 years of faithful service in a particular department and at the fag end of their service at least, they should be given some security.

I would request that an inquiry should be made into the various aspects of the Raj Committee's report. It was said here that because control was not working well, there was corruption; therefore, it was decontrolled. I do not see that the Raj Committee has blamed the lower staff for corruption. It must have mentioned that

the officers at the top were involved in corruption. So a thorough investigation is called for. I hope the case of these clerks will be sympathetically considered and they will not be thrown out. Let them be transferred to the income tax department which is an expanding department. 400 people are likely to be taken in Calcutta itself. There should be no break in service and no loss in emoluments for these people. I hope the hon. Minister, with a heart which bleeds for the employees, will surely concede this demand.

Sometime back a question was raised whether there was a Birla lobby working in the USA against the Bokaro plant, whether Shri Birla was interested when he went to the USA in seeing that the Bokaro plant should not be in the public sector. The hon. Minister did promise an investigation into this. I want a reply from him here and now whether an investigation was made, if not, whether an investigation will be instituted into the conduct of Shri Birla when he was in the USA as to whether he lobbied against the Bokaro plant with the help of some other stooges. I want a clear assurance from the hon. Minister that there are some people in the Cabinet who do not support the Birla lobby and who can institute an investigation against Shri Birla also.

Much has been said about the HEL, Bhopal. The communists have been accused of being the root cause of the trouble. I do not belong to the Communist Party. But whenever there was trouble in Bhopal, I went out of my way to end that trouble. The hon. Minister will bear with me when I say this, that I was not called by those boys, but when the factory was closed, I went there for the third time and settled the dispute to the entire satisfaction of both the corporation and the employees. Should we be accused, if I go there and ask the workers to resume work, of fomenting trouble? It is most unfortunate that a wrong picture has been painted in this House.

I do not accuse the hon. Minister who dealt with the employees' representatives very sympathetically. But it is a case of absolute administrative bungling. The Bhopal plant is manned by a group of pensioners. Those boys who are of 15, 16, 18 and 19 years of age have a rosy ambition, who sincerely believe in socialism and in the growth of the public sector, are behind the bars. The group of pensioners who are manning that particular plant are enjoying like Moghul kings with their hooka on, the Chairman of the Corporation and others. This is most unfortunate.

I sincerely feel that a thorough investigation is called for in this case. The hon. Minister has said that there is growing indiscipline in this plant. It may be so. I do not hold any brief for those who are responsible for indiscipline. But did we not go to Bhopal to settle the dispute? Did we not ask them to end the hunger strike in jail? Did not I and Shri Daji go and ask them to end the hunger strike? Did we not bring them here before the hon. Minister who met them? But the Joint Secretary issued a letter that the Minister never met any representatives, that he never committed himself to anything. That paper was most tactlessly drafted and in an unplanned manner, and I think, mischievously, circulated. 5000 copies were taken out. Naturally those employees felt betrayed.

So I would only request the Minister not to be bullied by those retired pensioners manning the plant which, according to the Prime Minister, is a place of pilgrimage. It is most unfortunate that that place of pilgrimage is manned by these retired *pandas* who will convert it into a place of scandal within no time. I have no objection to serving ICS or IAS officers controlling the plant, but I have got serious objection to the employment of a group of pensioners who are the main cause of this disruption in that place.

It is said that the HESTU there was given many opportunities. I have

some documentary proof with me. 5,500 people were asked to give evidence. They wanted leave. They were refused leave.

Still I plead with the House: let there be a fair referendum. I have nothing to do with that Union. Still I feel that if there is a referendum, 90 per cent of the employees will vote for HESTU, and not for the sick child of Government, the INTUC. I feel that normalcy can return to HEL provided those workers, 75 young boys, are released. They have been mercilessly beaten in jail.

It is a shameful thing that the party in power which itself condemned during the national struggle beating of boys inside the jail, should now let the same thing happen. They were beaten mercilessly inside the jail. Today if the plant functions leaving them behind the bars, let it function, but I am sure normalcy will not return unless those young boys who sincerely believe in socialism are released. I would request the hon. Minister to kindly consider it dispassionately and objectively. It is a deep-rooted malady which can be eradicated only if he, as a public representative, and people's representative, decides to pursue certain policy towards this group of pensioners, whose services should be terminated immediately.

**Shri Muthiah** (Tirunelveli): Mr. Deputy-Speaker Sir, the various projects under the Ministry of Steel, Mines and Heavy Engineering are making good progress, thanks to the able stewardship of our efficient Minister, Shri Subramaniam. He has initiated good reforms in the administration, eliminated much of red-tapism and procedural delays and has given substantial powers to the managerial personnel.

The steel plants under this Ministry are making steady progress, and steel production is going ahead. The three steel plants at Rourkela, Bhilai and



[Shri Muthiah]

Durgapur are making good progress, and today they are producing at the targeted capacity of one million tonnes each, and that is a great achievement for this Ministry.

The capacity of the three steel plants is being expanded, to 1.8 million tonnes at Rourkela, 2.5 million tonnes at Bhilai and 1.6 million tonnes at Durgapur. The Steering Group on Steel has made certain recommendations. It has recommended that the target for the Bokaro plant should be 1.8 million tonnes, and that four new plants should be set up in addition to the Bokaro and Salem plants. The Bokaro project, we are happy to note, is going ahead. Messrs. Dastoor and Co. have submitted their report. The report has been examined by the technical committee which in its turn has submitted its report, and it is now under the consideration of the Government. Land acquisition is in progress.

I wish to say a few words about the Salem steel project. The Salem steel project has been in the air for a very long time. There has been too much delay, and this has caused great disappointment to the people of Madras State. The Madras Government is most earnest about this, and it wants the project to make a start before the end of the Third Plan. The mid-term review of the Madras State's Third Plan refers to various laboratory and pilot tests of Salem iron ore and Neyveli lignite and to the concentration tests of the iron ore in West Germany, Sweden and England. These tests have proved successful. A study of possible sites has been made by Messrs. Dastoor and Co., and the data has been furnished to them. The detailed project report is expected in April, 1964, but April is passing. I make an earnest request to our Minister to take steps to start the project before the end of the Third Plan period. Madras State has no steel plant so far.

Then I come to the integrated Neyveli project in Madras State. The revised estimated cost of the project is Rs. 117.7 crores. The project envisages mining of 35.6 lakh tonnes of lignite per annum. This lignite is to be used for the thermal power station at Neyveli and the Urea fertiliser plant at Neyveli. Full production of lignite is expected to be achieved by the end of 1965. The thermal power station at Neyveli is to have five generating units of 50 MW each. Four units are in operation now, and the fifth unit is not yet in operation. It was scheduled to be commenced by March, 1964, but March is over and yet there is no sign of its being commissioned. The proposal is to expand the capacity of the thermal power station from 250 to 400 MW, and ultimately to 600 MW. This should be implemented as early as possible.

श्री हुकम चन्द कछवाय (देवास) : उपाध्यक्ष महोदय, व्यवस्था का प्रश्न है। हाउस में कोरम नहीं है।

**Mr. Deputy-Speaker:** The quorum bell is being rung. . . Now there is quorum. The hon. Member may continue. This is the second time I have had to ring the bell within half hour. It is a very sad thing that there is no quorum.

**Shri Muthiah:** With regard to the fertiliser scheme at Neyveli, I submit it is moving very slowly. The contract for the supply of machinery was concluded in 1959, but the plant is not yet ready. Civil works are going on, and they have not yet been completed. The plant is scheduled to commence production in 1965, and to start full production by February, 1966. Construction and commissioning of this plant ought to be speeded up to meet the growing demand for fertilisers.

I now come to the mineral exploration. The Geological Survey of India and the Indian Bureau of Mines are engaged in exploration and proving of

mineral deposits in various parts of the country. Rich lignite deposits at a depth of 200 feet have been discovered recently near Karaikudi in Madras State. These deposits ought to be immediately exploited for the benefit of the whole country, and particularly for the benefit of East Ramanathapuram District which is economically a very backward area. Minerals like iron ore, copper and mica have been discovered in Madras State and they have to be tapped. Rich deposits of limestone, gypsum, ilmenite and mica have been discovered recently in Tirunelveli District in Madras State by the State Geological Department, and they have to be exploited.

Lastly I want to say a few words about labour relations in the projects of this Ministry. We find labour trouble in some of the projects today. The labour trouble in the Bhopal Electrical Plant has been engineered by unpatriotic and subversive elements. The Government should deal with such elements firmly. Labour in India today is too much influenced by the absolutely un-Indian and alien cult of violence preached by Karl Marx and his followers. The Indian people have been known for centuries for discipline, non-violence and responsibility, and Mahatma Gandhi, the Father of the Nation, has shown the right way for proper relations between labour and management. The code of conduct formulated for labour should be observed by them. Labour, I hold, should not be exploited. It should be given a fair deal. But at the same time, labour should not be allowed to hinder the country's production and progress. The ever-rising demand for wages and the unhealthy rivalry among the different trade unions in the factories under the influence of different political parties, and the cult of violence spoil labour-management relations. A rational solution of labour discontent is the introduction of production incentives. Wages should be paid to every worker according to the actual work turned out by him. This production incentive will stimulate the worker and make him work-conscious.

**Shri C. Subramaniam:** Mr. Deputy-Speaker, Sir, at the outset I would like to express my grateful thanks to the many hon. Members who made very useful suggestions with regard to the working of my Ministry. I am particularly thankful to the Members who took a critical attitude and made many helpful and constructive criticisms with regard to the functioning of the various units under my charge.

Yesterday and partly today my two colleagues, the Parliamentary Secretary and the Deputy Minister, very ably dealt with some of the aspects and some of the points which were raised during the debate. That has made my task a little easier in replying to this debate.

Many hon. Members mentioned the vital role, the important role, which this Ministry has got to play in the field of economic development. Minerals, metals and machines—the three M's—form three of the basic ingredients of industrial growth of any country. While I consider this a great privilege that I should be associated with the development of these vital and inter-related sectors at this crucial stage of economic growth, at the same time I do realise the great responsibility involved in this.

Development of mineral resources has got to be preceded by exploratory work, by geological survey, and unless we know what we have buried beneath the earth, the various natural treasures, it would not be possible for us to plan properly. The two allied organisations, the Geological Survey of India and the Indian Bureau of Mines, are entrusted with this task. I do know that there are some overlapping areas with regard to the functioning of these two organisations.

14.33 hrs.

[SHRI SURENDRANATH DWIVEDI in the Chair]

I am currently looking into it. I am also aware that these two organisations have been handicapped to a cer-

[Shri C. Subramaniam]

tain extent by the shortage of experienced personnel and lack of adequate tools and equipment.

As far as the Geological Survey of India is concerned, it is a very old institution, and for more than hundred years it has played a notable part in the geological work, the geological survey of India. But still, Sir, sometimes, this age itself becomes a handicap. We become addicted to certain ways of thinking and we do not break away from that. Various developments have taken place in the field of geological science, in the methods of geological survey, and unless we are in a position to take advantage of modern equipment and modern techniques we may not be able to complete the survey of this vast land in the quickest possible time. Therefore, we are trying our best to get the assistance of foreign experts to the extent necessary, so that we may be able to give a new turn to the work which is being undertaken by the Geological Survey.

14.34 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I am sure hon. Members are aware that towards the end of this year the International Geological Congress is to be held here. About 1,500 geological experts would be attending this session, and I hope that the exposure of the geological experts in our country to these discussions and their association with the various foreign experts who would be coming over here would give them a new vision and new ideas with regard to the carrying out of this work. And I am also thinking of appointing a small expert committee to go into the working of the Geological Survey of India and the Indian Bureau of Mines, so that the task may be discharged more efficiently and more expeditiously.

Sir, with regard to the exploitation of our minerals, naturally iron ore

stands foremost because it will have to form the base for our steel and our industrial development. Apart from that, this is a foreign exchange earner also, because we do export a good deal of iron ore to the various countries. But there are certain problems involved in the utilisation of our iron ores, about which I shall deal when I deal with the iron and steel industry separately, and also with regard to the export of our iron ores. In the production of iron ore, certain percentage comes as fines. The utilisation of these fines has been a problem, and we cannot afford to waste this good material. But now technology has advanced to utilisation of these fines by sintering or by pelletisation. As a matter of fact, pelletisation would perhaps bring much better prices if we start exporting pellets instead of mere iron ore. Recently we have licensed a plant for pelletising these fines in Goa. It is in the private sector. And I am hoping it would be possible to take up pelletisation in the various other iron mines also, so that this material will be fully utilised to the best advantage of the country. This also improves the performance of the blast furnaces when iron ore is used in this form. As I stated already, I will have to mention about iron ore a little more when I deal with the iron and steel industry.

Sir, as far as coal is concerned, this House was very much exercised with regard to the production pattern and the consumption pattern. For the last two or three years we were going through a period when coal was in great short supply. But suddenly now there is a glut and there is accumulation of stocks at the pit-head. Why it has happened is a matter which everybody knows now. It was because the demand did not pick up as fast as we expected when formulating the plan and formulating the targets. And therefore we find today that while the production is there, there is not sufficient demand. And even this sur-

plus has taken place not in respect of all grades of coal. As far as superior grades of coal are concerned, there is sufficient demand now. It is in the inferior grades of coal that there is a great glut. And this is not due to bad planning. As a matter of fact, in planning we did not want any increase in production in the lower-grade coal because we knew that we would not require this. But in spite of this, since there was no control with regard to production, there has been 2 to 3 million ton extra production as far as inferior coals are concerned, and that is why there has been a glut. But we have to face this situation. And for the purpose of meeting the situation we have removed to a certain extent the distribution control, particularly with regard to the lower grades of coal. Whether there should be further decontrol with regard to prices and distribution will have to be carefully studied, because my own view is that this is only a temporary phenomenon. We should not be deceived by the surplus production which we are having. If only the various steel plants, the various steel plants which are under expansion, go into production and the various other industrial projects catch up, we may find ourselves in difficulties later on if we do not plan properly for building up production capacity in the country.

**Shri Ranga:** And also plan for the utilisation of inferior coal.

**Shri C. Subramaniam:** I am coming to that. Therefore, we could not afford to slow down our programme of investment in this vital area based on short-term considerations of deficit. Exploitation of coal requires a number of years before mines go into operation. Recently, I had the privilege of participating in the inauguration of a deep coal mine in Jharia area in collaboration with the Polish Government. I was told that it would take nearly 6-7 years to develop the mine and after that it would take nearly 4-5

years more to get into full production. So, if we want coal to be produced, particularly through these deep mines, we have to have a perspective view of our requirements of 5, 8 or even 10 years hence and we have to plan accordingly. That is why we have to take a long-term view in this very important sector. It is important to relate the programme of production of coal to the overall fuel and energy policy as well as metallurgical plans of the country.

Government had to reconsider their policy in regard to encouragement of furnace oil, for instance. As hon. Members are aware when we were in great difficulties with regard to the availability of coal we encouraged certain industries to turn to furnace oil fuel. But now we find that it has created difficulties for the coal industry because instead of coal they are drawing fuel oil which has got to be imported. The policy on coal has to be on an even and consistent keel. I hope the report of the energy survey committee which the Planning Commission has appointed will give us some information which will enable a clearer formulation of policy. In taking a new look at the demand for energy in the country as a whole, we should take into consideration the demand for domestic fuel in particular. I am sorry the hon. Member Mr. Ranga is not here; he wanted to have a plan for the utilisation of the low-grade coal. The slackening in the demand of coal of the lower categories can be tackled only through its use in (a) generation of power and (b) effective programmes to popularise, for instance, the use of domestic, smokeless fuel produced from low-grade non-coking coal. The Central Fuel Research Institute has evolved an improved process which will enable production of domestic fuel at economic prices at the same time ensuring the utilisation of byproducts. It is my hope that this programme will be activated. With this in view.

[Shri C. Subramaniam]

14.46 hrs.

a string of low temperature carbonisation plants will have to be set up both in the public and the private sectors all over the country. I have already asked the National Development Corporation to work out a programme for installing a low temperature carbonisation plant in the public sector. The Andhra Pradesh Government has also a programme for setting up a unit at Kothagudam and the Government of India will assist this programme of producing domestic fuel which will also give us the base for various byproduct chemicals which could form the nucleus for various chemical industries. We are thinking in these directions and I hope and trust that the present glut with regard to the lower grade of coal would be overcome very soon.

But we face a different problem altogether with regard to the coking coal, particularly. While our reserves of non-coking coal are sufficiently large, our coking coal reserves are very much limited. Our total easily accessible reserves of coking coal are estimated at 3500 million tons which would last on present estimates for just about 40—50 years. Set against this picture the fact that by next year, 1965-66, we are geared to producing 22.3 million tons of raw coking coal, against our need of only 18.25 million tons a year. Over-supply characterises current production also. I find that now and then coking coal is diverted for other uses for which coking coal is not required. This is waste of very valuable coke reserves of which are limited. We have therefore to take steps to see that such diversion does not take place. The selective increase in prices which was given recently was for the purpose of ensuring that because of the high price of this valuable coal, people who had no need for this coal would not go in for this variety of coal.

[MR. SPEAKER in the Chair]

But this could not be controlled merely by the slight margin of increase in price. Other effective steps will have to be taken.

Another point which was raised during the debate was with regard to the large number of uneconomic mines. Today we are producing round about 65 million tons of coal for which we have more than 850 collieries. Nowhere in the world are there so many uneconomic and small units producing coal in a primitive way. We have got to take steps to see that these smaller mines get amalgamated. An effort is being made on the basis of the present Act for voluntary amalgamation of small mines. But the progress made is insignificant and we are considering legislation for compulsory amalgamation of these uneconomic mines to bring about a better pattern.

I would here like to refer to Jharia coal fields where we have exclusive reserves of coking coal in our country. Most of the coking coal required for metallurgical industries is found in these Jharia coal fields. Most of the easily accessible good quality coking coal lies in the central zone of Jharia. This area can be divided into three zones; the central zone, northern zone and the southern zone. It is the central zone which consists of most of the reserves. Even in the central zone there are 173 colliery units functioning, out of which 18 alone are big mining companies and they own nearly fifty per cent of the reserves. The remaining smaller companies suffer from the usual malady of uneconomic operation of smaller collieries. Bigger companies have coal reserves which at the present rates of operation, could last for a few centuries. The National Coal Development Corporation is prospecting mainly in the southern area of Jharia because the central zone is already leased to these big companies. The peculiarity of the

southern area is that coal lies deeper and the coal mined here has a higher content of shale than in the central zone. More washing is therefore required. If the future investments for coking coal is to be on the southern areas in which the public sector is asked to operate, and the private producers in the central zone are content with relatively modest programmes of expansion, much larger sums of money will be needed to raise the additional coal than we would need otherwise. Besides, we would be raising more muck and the cost of raising useful coking coal will be higher for the country as a whole. We have therefore to consider and arrive at an integrated programme of exploitation of coking coal so that the total production of coking coal for the country can be stepped up with less expenditure and greater expedition. Government recently appointed a technical committee to go into this question. Their report has been received by the Government and it is under active consideration by the Government. A rationalistic approach to this problem is indicated. It is not possible for me to give any indication immediately with regard to the direction in which we have to move for solving this problem, but I will have to come before this Parliament, if necessary, for the necessary sanction to take the essential steps to achieve this objective.

Then I would like to mention the steps we have taken with regard to aluminium and copper. It was also mentioned by my colleagues when they dealt with this subject. In the field of non-ferrous metals, aluminium is the metal in which India is best equipped to produce. We have vast reserves of good bauxite near sources of relatively low-cost power. Unfortunately, three of the major third Plan projects in this sector have been lying dormant for various reasons. Recently we have taken a decision that the Koyna aluminium project should be taken up in the public sector. I am sure the hon. Members are aware of the chequered career of this

Koyna project; how a licence was granted to private individuals and no progress was made. If I may say so, it was making limping progress without any chance of coming to fruition. That is why we had to step in there.

Then the second project—I am not giving it in the order of preference—is the Madhya Pradesh project which was to be executed in the public sector with Hungarian collaboration. There also we had not made sufficient progress, but we have activated it now and we hope to take decisions very soon with regard to this.

The third project is the Sharavati project in Mysore, which will utilise the bauxite from the Kolhapur district in Maharashtra State. The Government have to take a decision with regard to the building up of this project because here also there have been a good deal of delay, particularly with regard to the understanding between the Mysore Government and the Maharashtra Government. Fortunately, an understanding has been reached now and therefore I am hoping it would be possible to take a quick decision on this. The present indication is that the Indian Aluminium Co., would be called upon to process this project.

As far as Khetri project is concerned—I am sorry I do not find Shri Harish Chandra Mathur here, and he was very anxious about the progress of this project—this project has been hanging fire for nearly three years now. It has now become necessary to review it from the point of view of how much of it we can implement with indigenous equipment and talents. Deep shaft mining is involved in this. We are looking into the facts to find out whether any of the concerns in India, for example, the National Coal Development Corporation or the Kolar Gold Fields Corporation, would be in a position to undertake this deep shaft mining. I am told it would be possible for them to undertake it and it is currently under examination. We are also reconsidering

[Shri C. Subramaniam]

its technology with a view to making the project more economic.

But hon. Members are aware that the copper ore available in our country is very limited, unless with more geological survey we come across better sources of copper ore. But today we are importing large quantities of copper at very high cost, and our demands will be increasing more and more, as further industrialisation takes place, when we have to produce more and more machines where copper would be an essential component. And, therefore, we have to take a decision whether we should continue to import copper indefinitely. Even when copper ore is not available, in other countries they import the copper ore concentrates, and then smelt them in their own countries. We are also looking out for sources of copper ore concentrates so that they could be imported and we may have smelting capacity established here to produce copper. I hope it would be possible for us to locate these sources of copper ore concentrates.

Then I come to steel which, as was pointed out by Shri Indrajit Gupta, is the measuring rod of the economic and industrial progress in any country. The overall picture in respect of iron and steel has been one of promise. I say this after taking into account all the criticisms which have been made, particularly by my hon. friend Shri Morarka. The total production of saleable steel by main producers in the country rose from 3·917 million tons in 1962-63 to an estimated level of 4·56 million tons in the year 1963-64. The rated capacity in the country is 4·67 million tons against which our production will reach 4·56 million tons. In this production programme, I am glad to say that Bhilai takes the pride of place. As against the rated capacity of 0·78 million tons of finished steel during 1963-64, it would be producing or it would have produced 0·89 million tons. Then TISCO comes second: as against the rated capacity of 1·52 million tons of

finished steel, it would produce 1·541 million tons; then comes IISCO; against the capacity of 0·81 million tons, they would be producing 0·81 million tons. Then comes Durgapur; as against 0·8 million tons it would have produced 0·73 million tons.

Rourkela is still behind its targeted production. As against the rated capacity of 0·72 million tons, the production would be only 0·55 million tons. While dealing with Rourkela, in 1962, soon after I took over this Ministry, I characterised it as a sick child. But I have to say that it is an unlucky child also. Unfortunately, various incidents—labour trouble, technical difficulties—were coming in the way of achieving full production in this factory.

**An Hon. Member:** Administration.

**Shri C. Subramaniam:** Some people were blaming the machinery, saying that we did not get the proper equipment. But, as a matter of fact, in March, 1963, we were able to achieve 100 per cent production in this factory, but later on, whatever might be the source of trouble, whatever might be the contributory factor, labour trouble has been in the forefront in this plant.

**Shri Indrajit Gupta:** Repeated breakdowns could not be due to labour trouble.

**Shri C. Subramaniam:** Breakdowns are everywhere; only the Rourkela breakdowns are highlighted. (*Inter-ruption*).

**Shri P. K. Deo (Kalahandi):** There is a limit to breakdowns.

**Shri C. Subramaniam:** Unfortunately, in the recent communal troubles, Rourkela also came into the picture and production had to be shut down, almost completely because of these communal troubles. Fortunately-

ly, the situation has considerably improved, and today, the plant has gone back into normal production.

On this occasion, I would like to express my grateful thanks to the West German Ambassador who took a very sympathetic and understanding attitude during those days of trouble. He instructed the German personnel who are functioning in this Rourkela plant that on no account should they move out, and they should stick to the plant and see that the plant continued to work successfully. This is in contrast with regard to some other foreigners who were functioning there. That is why I thought I should make special mention of the helpful attitude which the West German Government and the West German authorities took.

15 hrs.

The production of large tonnage of steel by itself does not solve our problems of shortage. While the emphasis on tonnage goals has had its impact on production, there have also been complaints that the quality of production needs to be further improved. More and more emphasis is being laid on this aspect. The level of production of tested steel has been steadily improving. I may be permitted to give a few facts about this.

During 1963-64, the Rourkela Steel plant stepped up its production of tested plates from 53 to 71 per cent and H.R. sheets from 44 to 52 per cent. There has been continuing difficulty in producing tested cold rolled sheets. Bhilai continued to produce nearly 90 per cent of its structurals as tested. The percentage of tested products in Durgapur went up as below: In 1962-63, 51 per cent of structurals were tested. It increased to 64 per cent in 1963-64. In 1962-63, 56 per cent of merchant mill products were tested. It increased to 60 per cent in 1963-64.

Government are particular that the steel plants should increasingly produce higher-value categories of steel which we are now importing. Experts have told us that the scheme for giving incentive bonuses based merely on

total tonnage has inhibited production of higher value grades of steel whose turnover in terms of tonnage will be less. I am asking the plants to look into the scheme of bonuses from the point of view of encouraging labour participation in the production of these categories, which we have otherwise to import.

My hon. friend, Shri Morarka, yesterday made a point that the PAC in its report based on the audit report for 1961-62 had shown how high the cost of production in Rourkela, Bhilai and Durgapur were compared to the project estimates. That point was stressed by many other hon. Members also. The hon. Member from Goa called upon me to resign on this account.

**Shri Shinkre:** I did not ask for it.

**Shri C. Subramaniam:** One of the figures quoted by Mr. Morarka was that cold rolled sheets were produced in Rourkela at a cost of Rs. 2240 against the project estimate of Rs. 407 per ton. Mr. Ranga is not here. He gloated over the fact that this would be the result in all public sector projects. For one thing, these are figures for 1961-62, about the production pattern of which I shall presently mention. For another, the figure of Rs. 2240 includes depreciation, while the figure of Rs. 407 does not. Without including depreciation, the figure was Rs. 1307—high enough—but the important factor which contributed to this high cost of production in cold rolling mill was that the production just started in 1961-62 and the plant was working only to 10 per cent of the capacity, producing only 14,000 tons against a rated capacity of 1.46 lakhs tons. Naturally depreciation would have been spread over these 14,000 tons instead of to 1.46 lakhs tons.

It is elementary that the cost of production estimated in the project report, which relates to full working cannot be compared with costs on the basis of one-tenth of the working. It is just like trying to examine a child which is studying in IV Standard



[Shri C. Subramaniam]

with regard to the completed syllabus in the X Standard. In fact, today the work cost for this steel is only Rs. 500 per ton, as against Rs. 407, much nearer the project cost. As Shri Morarka himself has pointed out, in many cases, our consultants had proceeded on the basis of raw material prices which are far lower than those actually prevalent. This itself knocks the bottom out of the comparison. Anyway, the publicity given to such out-of-date comparisons without adequate technical basis is not only unfair, but also extremely depressing and demoralising not to me, but to the managers and workers of the plants who have been striving hard to improve their performance and have improved their performance considerably.

**Shri R. S. Pandey** (Guna): It would be beneficial if the latest figures are supplied to the House by the Minister, because Shri Morarka spoke on the basis of 1961-62 figures.

**Shri C. Subramaniam**: I am giving them. The House will be interested to know that the cost of ingots in the three plants now are as below. I am comparing it with the Tariff Commission's estimated cost in TISCO and IISCO, which have got a considerable background and which have got, according to some Members, better efficiency record. In Rourkela, in 1961-62 the cost of production of ingots was Rs. 308 per ton. The latest figure now is Rs. 252 in open hearth process and Rs. 226 in the LD process. According to the Tariff Commission's estimates the figures were Rs. 243 for TISCO and Rs. 251 for IISCO, as against the figures of Rs. 252 and Rs. 226 for Rourkela now. In Durgapur, in 1961-62 it was Rs. 333. Now it has come down to Rs. 217. In Bhilai, the latest figure is Rs. 214. We seem to be quite content to debate and discuss the figures of 1961-62 whereas we should be vitally concerned with the costs of 1963-64 and not the costs two or three years

ago. This itself reflects indeed a basic structural weakness of our system of accounts, slow-moving, outdated and hence least equipped as they are to serve the purpose of modern management. On this I have to say more later.

For the present, I can inform the House that we get the cost of production every month and try to find out whether there has been an improvement in it. If there is any deterioration, we immediately try to find out what is the cause. Hon. Members may be aware that I made an announcement about this during the debate in 1962-63, that I asked the plants in the public sector to place before themselves a target of reducing their cost of production by 15 per cent during 1963-64. The costs of production in the three public sector plants have been kept continually under review. On the basis of monthly figures we have so far obtained, we find that the cost of production of saleable steel in Rourkela has been reduced by 15 per cent in spite of these labour and technical difficulties. In Bhilai it has gone down by 7 per cent. That is mainly because even in 1962-63, Bhilai had already attained a high rate of production and therefore, it could not be brought down further. In Durgapur, it has gone down by 13 per cent during 1963-64. This has been achieved in spite of an increase of about 1.5 to 2 per cent as a result of rise in the price of principal raw materials and wages. The task of further reduction of cost is rendered obviously more difficult as we near operation at full capacity. But the plants, both in the public sector and in the private sector, have to continually explore ways and means of achieving lower costs of production by increased productivity. Experts both from abroad and from our own country have stressed the importance of proper preparation of raw materials if we are to achieve higher levels of productivity and lower our cost.

One example will suffice to illustrate the significance of this. Thanks to the use of washed coal and sinter, the Bhilai steel plant has been able to bring down its rate of consumption of coke for 1 ton of hot metal from 904 Kgms to 834 Kgms in the current year. Durgapur and Rourkela have also brought down their rates of coke consumption from 1072 to 968 Kgms and from 965 to 901 Kgms respectively. They have still to reach Bhilai's performance. The comparable figures for Japan are Rs. 552 per ton of hot metal, but we have also to realise that Japan has the advantage of high-grade and low ash content imported coal, whereas our coal is of high ash-content. In spite of the washing and beneficiation that we do, comparatively it is of a very high ash-content. It is by keeping an eye on such economies that we can decrease the cost of production further. The economies we can obtain by beneficiating our iron ore and limestone have also been urged on us by technicians time and again. Recently a delegation went to Japan under the chairmanship of the Secretary of the Department of Iron and Steel. That team also has emphasised the urgency of this point of view. We have, therefore, decided that we should introduce a crash programme to enable better utilisation of raw materials which, in the opinion of one expert, can help us increase our iron and steel production by 10 to 15 per cent even from existing facilities of equipment. A technical committee is being constituted to look into this and give us a quick report based on which we hope to implement a crash programme during 1964-65.

Pig iron shortage has been the subject matter of discussion in this House because it has affected a large number of small-scale industries, a large number of foundries located in the various parts of the country. But it is not possible to improve production immediately. That is why, when we considered the problem of decontrol, we came to the conclusion that we should continue to have distribution

and price control as far as pig iron is concerned.

But it should be our endeavour to have more and more production of pig iron. As a matter of fact, when we have a programme of better preparation of raw materials, the one immediate advantage would be higher production, more production of pig iron which could be utilised for various purposes.

Another area where we are in short supply is flat products. Unless the Rourkela expansion programme goes through there is no possibility of more indigenous production of flat products. Bokaro also was expected to produce one million tons during the Third Plan period. But unfortunately that has not also come through. I will deal with it a little later. Therefore, as far as these two short supply items are concerned we have to import to the extent possible.

Shri Indrajit Gupta interjected into an otherwise excellent speech a number of insinuations. One of them was that the Government had timed the decision of reorganisation of control of steel so as to please the west when the Air India Club was meeting. I should, I think, be thankful for small mercies. No one has suggested yet that the constitution or composition of the Raj Committee was to please either the west or the east or for that matter the far-east. I may tell my hon. friend, Shri Indrajit Gupta that the reason for timing the decision on 2nd March was a simple enough one, namely, to synchronise it with the budget. As the House is aware, we were currently with this reorganisation taking a number of financial decisions such as abolishing surcharges, substituting them by excise, introducing the concept of variable excise to mop up scarcity rents etc. These had to be necessarily timed with the budget. I am sorry I have to disappoint Shri Indrajit Gupta and his friends who, no doubt, see a serpent in every rope and who have now to exorcise from their minds all possibilities of weaving a spy story out of a straightforward administrative change.

[Shri C. Subramaniam]

Some hon. Members were concerned about the stability of prices under this new set-up. As the House is aware, the Iron and Steel Controller, the Railway Board and the producers are all jointly in the committee, and I do not think all these different interests will be so irresponsible as to allow a runaway inflation of prices. And, I am sure hon. Members are aware that we are still functioning within the Steel Control Order and, therefore, if any necessity arises it can always be controlled.

I am glad Shri Indrajit Gupta mentioned the question of scarcity of matching sections. I may inform him and the House that we have already taken steps to see that a sufficient sum of money is kept in reserve to allow import of these sections so as to prevent unnecessary idle capacity or idle steel.

**Shri Indrajit Gupta:** You are hoping to rely only on imports for matching sections?

**Shri C. Subramaniam:** One other useful suggestion that he made was with regard to the action which we had already taken with regard to standardization of sections. We have a large number of sections now—1500 and odd or so. A technical committee was appointed for rationalising these sections and they have submitted a report reducing the number of sections to 200. Therefore, we are hoping, when we have a rationalisation of these sections, it would be possible for us to produce most of these sections inside the country. Still I want to tell the House that it would not be possible for any country to produce all the categories and all the qualities of steel inside the country and to a certain extent we will have to depend upon imports also. Perhaps my hon. friend, Shri Indrajit Gupta might want this import from a particular source, but that is quite a different matter altogether.

**Shri Nambiar (Tiruchirapalli):** You can import if it is cheaper there.

Cheapness must be the criterion in deciding from where to import.

**Shri C. Subramaniam:** As I have already stated, we have plans for production of more pig iron for which we have already taken action and that has been placed before the House on many occasions during the Question Hour.

Many hon friends have referred to Bokaro. As a matter of fact, this has given some satisfaction to our Communist friends that ultimately the American aid fell through.

**Shri Indrajit Gupta:** And it has given dissatisfaction to some people.

**Shri C. Subramaniam:** Naturally, when aid fails there has to be a natural dissatisfaction. If there is not dissatisfaction it is a little bit unnatural.

As the House is aware, we have decided to award the further engineering of the project to the Indian engineering firm, Messrs. Dastur and Company who have prepared the detailed project report. The contract for consultancy has been agreed upon and the firm will continue the engineering work they had already initiated in anticipation of this settlement.

Shri Indrajit Gupta mentioned the question of Tenughat Dam. This is another difficult problem which we have got to tackle with regard to water requirements of Bokaro. There has been a slight difference of opinion between the West Bengal Government and the Bihar Government with regard to this dam. But I may assure the House that both the Ministry of Irrigation and Power and ourselves, on the one hand, and the States of West Bengal and Bihar, on the other, are fully seizedous of this. They are working together to find a way out of the intricate problems which Shri Gupta had indicated.

**Shri S. M. Banerjee:** What about the enquiry that you promised?

**Shri C. Subramaniam:** I may assure the House that I do not want to indulge in any witch-hunting. I may also assure the House that we have not delayed any preliminary steps necessary for completion of this project. Land is being acquired. The township is being built. The consultants have been appointed and they are busy preparing detailed specifications for tender. The Bokaro Steel Limited has been constituted as a separate company with an able Managing Director. A number of friendly countries have expressed active interest in financing various parts of the project. I am confident that we can go out into the global market with tenders between June and October 1964. Depending on the response and the availability of credit, we hope to be able to place orders for at least some of the equipment during 1964-65. More than this, I am not in a position to state at this stage.

Sir, since certain names were specifically mentioned with regard to lobbying in America against Bokaro being in the public sector, as far as evidence goes, Sir, there is no basis for thinking that Birla or his group indulged in this lobbying.

**An Hon. Member:** Who else did?

**Shri S. M. Banerjee:** You said that you were enquiring into the matter. Are you speaking after proper enquiry?

**Shri C. Subramaniam:** Yes.

**Shri Indrajit Gupta:** If it is not Birlas, who else did it?

**Shri C. Subramaniam:** I am having a few names.

Then, Sir, in the area of special steels, our main project is Durgapur Alloy Steel Project which is making fairly good progress. We expect to

commission the Steel Melt Shop No. II on 2nd October, 1964. In spite of the fact that there was nearly 18 months' delay in placing orders for this equipment, I gave an assurance to this House during the budget debate last year that the first furnace will go into production on 2nd October, 1964 as it was originally envisaged.

I am glad to inform the House that the management has responded to this challenge and they are hoping that it would be possible to have the first furnace inaugurated on the 2nd October as originally envisaged. If this happens, I have no doubt in my mind that this would be one of the quickest jobs done and this has been possible because not only the management responded to the call but more sophisticated techniques also were adopted for the purpose of building this project.

**Shri Tyagi (Dehra Dun):** What is the significance of 2nd October, I do not know?

**Shri C. Subramaniam:** I had to give a target date to them and I thought, I would give the auspicious date of Gandhiji's birth.

As far as the Bhadravati Steel Works is concerned, the credit has been secured for the conversion of the steel project into a special steel project and a team has already gone to West Germany for negotiating the terms for the supply of this equipment. The various projects which have been licensed in the private sector also are making very good progress-some of them. Therefore, I am hoping that the special steel production will improve considerably during the first two years of the Fourth Plan.

The data regarding the production of heavy engineering industries have been covered by my hon. colleagues in their speeches yesterday and today. The problem of underutilisation of some of the capacity for heavy

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Engineering industries has been mentioned. This arises from the continuing dependence on imports of raw materials and components from abroad. The Finance Minister in his Budget speech has already acquainted the House and the country about the problems we face in this sphere. We have undertaken a survey of the procedures we have been adopting for the release of foreign exchange for imports of raw materials for various industrial units under our charge. I hope, this analysis will enable us to use our scarce foreign exchange with greater effectiveness in promoting production. The World Bank and sister institutions have also taken note of the problems of maintenance imports. I hope that with their assistance and other loans from friendly countries we will be able to maintain our industrial units at a higher level of utilisation of capacity.

I have now to refer to the Fourth Plan and the action we are taking in that connection. As the House is aware, we had appointed separate groups to formulate the Fourth Plan for steel, heavy industries, coal and various non-ferrous metals. The reports of these four groups have already been submitted. These groups have had the benefit of consideration of various points of view in regard to the demand for steel, coal, non-ferrous metals and the products of the engineering industries. They have suggested on the basis of their consideration a number of new projects to be taken up both by Government and by the private sector and we propose to have these reports examined in detail and initiate action on the various projects that have emerged for consideration. I shall at a suitable stage acquaint the House fully with the details of these reports.

In this connection the hon. Leader of the Swatantra Party raised the point with regard to priority with regard to the agricultural sector and

the industrial sector. It is absolutely necessary to have steel today. When we talk of agriculture, we talk of electricity. We have to produce electricity and transmit and use that electricity. All this would mean various equipment which requires various metals and various factories for producing these various equipments. We talk of tractors. That requires steel and various other metals and factories for the production of these tractors. We talk about fertilisers. Fertilisers do not fall from the heavens; they have got to be produced. That means, factories, equipments and the basic metals required for them. Therefore we cannot talk of agricultural development today without industrial development.

**Shri Kapur Singh (Ludhiana):** You have completely misunderstood Shri Ranga's point.

**Shri C. Subramaniam:** I am coming to the other point also.

**Shri P. K. Deo:** Only, workmen will need food.

**Shri C. Subramaniam:** Then, Shri Ranga quoted Rajaji. Unfortunately, he is not here, but I can tell the hon. Member, Shri Ranga, that I know Rajaji a little better than he knows him. He is just like our Upanishads and Vedas. You can find authority from his speeches for any point of view. Therefore if we want to substantiate gigantic structures, I can quote from his speeches and his writings. Do you want to justify socialism? Nobody else has justified socialism or has advocated socialism better than Rajaji.

**Shri P. K. Deo:** That is his version.

**Shri C. Subramaniam:** Therefore to quote Rajaji is a little bit misleading.

**Shri P. K. Deo:** His socialism is different from yours; you have to appreciate the difference.

**Shri S. M Banerjee:** Now, there is Rajaji and Raniji.

**Shri C. Subramaniam:** I wish to bring before the House the fact that these studies have emphasised the need for a continued and detailed attack on various planning problems in the industrial sphere. It has become particularly important to dovetail the detailed planning for raw materials, machinery, transport and power in the inter-related areas of mines, steel and heavy engineering. The studies we have made also emphasise the obvious fact that a five-year time limit has no particular validity in industrial planning. The demand for particular products, the equipment required for producing the products and the investment which in turn is needed to make this machinery—each of these steps succeeds the other by the necessary gap of a few years. For instance, a steel plant takes not less than three years to build and two years to get over its teething troubles. So, if we want a million tonnes of steel five years from now, we should plan its construction from today. But, to get the equipment for this plant in time during these five years, we should have planned a heavy engineering factory even five or seven years earlier. This forward and backward linkage makes it necessary to take a careful and a long-term view in industrial planning. It also emphasises the need for detailed studies being done in respect of demand, technology and the possibilities of production in the country. We have decided, therefore, to set up a suitable agency to undertake detailed planning for steel, heavy engineering, coal and various non-ferrous metals. The form in which the detailed planning should be done is under consideration by Government.

With regard to the various projects, detailed project reports will have to be got ready before time. The one lesson which we have learnt, particularly with regard to the deficiencies during the Third Plan, is that in many of the Third Plan projects the

detailed project reports were not ready and had to be commissioned only during the Third Plan period. They take time; therefore, it is my intention to have these detailed project reports in respect of many of the projects prepared even now so that during the Fourth Plan they could be easily taken up.

**Dr. M. S. Aney (Nagpur):** Will what you have planned be taken as final and decide the scope of the five-year planning about these matters?

**Shri C. Subramaniam:** It will form part of the five-year plan; it will fit into that.

As far as the Goa-Hospet steel plant is concerned, we have already received the preliminary project report. As regards the Bailadilla-Visakhapatnam project, the preliminary project report is expected shortly. The hon. Member who spoke last, namely, the hon. Member from Madras, mentioned about the Salem-Neyveli project. All the tests are over now, the report is under compilation and we are hoping that that report will be available soon.

Now I want to refer to one vital aspect of industrial development, that is, management. Ultimately, the success of various plants and projects depends on the men who manage them and the technique of management they adopt. May I crave the indulgence of the House to share with the Members some of my thoughts and experiences as a result of my association for the last two years with some of the major public sector projects in the country? At the very outset, I must point out that I fully believe that Parliament as the ultimate owner of the enterprises in the public sector is the final arbiter in regard to all policy decisions relating to the management of the public sector. It is precisely because of the healthy interest taken by this House in various aspects of management that I wish to take this oppor-

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tunity to place some aspects of this problem before his House. The fact that the House has given the management of the various public sector organisations under this Ministry substantial freedom and flexibility of operation also gives me further reason to hope that the practical problems I place before the hon. Members will receive a sympathetic response.

A socialist society ascribes a very important role to the public sector. Indeed on the success of industries in the public sector depends the growth of the economy as a whole. Hence the managers of the public sector undertaking have a vital role in nation-building. We have, therefore, to set before them clear and well-defined goals if we are to expect quick and good results. At the level of Government and Parliament, we should have a clear and coherent philosophy regarding public enterprises and their management.

The Finance Minister in his budget speech pointed out that enterprises in the public sector should not only make profits but also should make good profits. He clarified that his intention was that they should give a good dividend to the exchequer and yet be able to build up reserves to finance their future expansion. This is a view which I whole-heartedly share. There has been some doubt recently as a result of the manner in which a recommendation of the Public Accounts Committee has been phrased suggesting a ceiling on profits of the public sector. I suppose this is not with reference to the industries which are producing various machines and other equipments because these machines and equipments are necessarily to be utilised in the private sector whereas there is no ceiling of profits with regard to the private sector. I suppose it is not the intention of the Public Accounts Committee that the public sector alone should have these

restraints. Certainly, this is definitely not what a socialist society envisages. Profits are increasingly becoming a measure of efficiency and acquiring respectability even in communist countries which earlier avoided the use of the word though not the idea itself. I do not see why we alone should take such a puritanical attitude with regard to profits. Therefore, I want that these public sector projects should function efficiently and on the basis of that efficiency they should earn more and more profits or to put it in the communist jargon they should create surplus for the purpose of further expansion.

I have been acquainting the House from time to time with the steps taken by me to re-organise the management of the public sector undertakings with a view to bringing greater authority to the Manager of the Plants and to freeing him from restrictive regulations. Many of our public sector undertakings still operate under Governmental patterns of accounting and audit. Their personnel policies are based generally on Governmental traditions. Systems of accounting, reporting purchase and sales derive from Governmental patterns and are scarcely suited to industry which needs more than anything else speed of decisions. These have to be changed. But this is possible only if our national philosophy in regard to the public sector enterprise changes. We should stop expecting the public sector undertakings to perform as well as a private sector undertaking but under much more severe restrictions in regard to powers and responsibilities of individual managers.

I introduced certain changes in September, 1963 with regard to the management of Durgapur Steel Plant and Sindri Fertiliser Plant. Sindri Fertiliser Plant is under the charge of my colleague Shri Humayun Kabir and Shri Alagesan. But as far as Durgapur is concerned, this change has yielded very good results and

today we find production going up and efficiency increasing there. The other important aspects of the management changes were in regard to the establishment of proper personnel practices and proper commercial organisation for both purchase and sales. These are various aspects to which we are giving attention.

I want to refer to one other important thing, that is, audit. This is another important handicap that the public sector suffers from the remedy for which lies with Parliament. This arises from the supplementary audit which Comptroller and Auditor General undertakes of all public sector undertakings under the powers given to him by the Companies Act. The manner in which he does the audit which he does over and above the regular Chartered Accountants' audit by a firm of auditor nominated in consultation with himself is decided by the Comptroller and Auditor General himself. Time and again, I have come up against the excuse that such and such a decision could not be taken for fear that Comptroller and Auditor General's resident audit will comment. The 'audit-para' is an effective answer to shut up adverse criticism from those who ask for quick decisions in the public sector. Before I proceed further with my comments on this, I must state that I find that the Comptroller and Auditor of India is fully aware of the need for a change in the type of audit and executive reactions to audit. He has recently mentioned this in a speech at Madras. He says:

"It should not be business of the Auditor General or the auditors working under him to look for skeletons in the cup-board but they should instead see whether the whole organisation is running efficiently."

The Auditor General takes the view, however, that there is no harm in asking executives to explain; after all, if the decision is *bona fide*, one should

be bold to own a mistake. I am afraid, the position is not as simple as this.

An able Chairman of the Unilever Limited Lord Heyworth once said:

"Industry is not an exact science and no one can tell at the point of taking a decision whether it is going to prove right or wrong but three weeks later or sometimes an hour later you can tell—but one cannot at the time. The point is that decisions have got to be taken in time. If people came to looking at everything I did in a year after the event, the shareholders would be horrified that some of those decisions were quite wrong in the light of after events. The mere fact that I felt someone was looking over my shoulder all the time and was going to examine these things any time later, the less I would be inclined to take a decision—the less decisive I would be. If I do not take a decision, they cannot prove I was wrong."

The House is aware that in September, 1963, I tried to persuade without success the Comptroller and Auditor General to relax the requirement of having his auditors in the Durgapur Steel Plant and confining audit to that by the usual chartered accountants. To meet this situation, we created an audit cell in Durgapur Steel Plant with an official and five assistants exclusively answering the C. & A.G.'s resident audit officer's queries. I think the House should know of the types of queries which are raised in his plant and which keep operating executives busy at least part of their working day. The audit officer's pursuit of details in one month led him to enquire as to why some tiles had been purchased in 1957, some chairs had been rented out, some sanitary materials lay unutilised. I would like the House to appreciate that the time taken by executives in answering these queries is time which could well have been spent in producing more steel.



[Shri C. Subramaniam]

These queries concern mainly minutiae of management and not overall figures. The queries in themselves may look innocuous. But it is the psychology they create that is dangerous. The manager who takes bold decisions finds himself more and more liable to explanation to an auditor who seldom realises the urgency of industrial activity. The manager who plays it safe and according to the book of words finds himself coming on top. This multiplies the tendency to evade responsibility. As one manager put it to me, it is as though a private company were subject to enquiry by a shareholders' meeting every day of the year. Besides, the private sector producer with whom the public sector manager is continually compared operates under a system far different. This House will have, therefore, to decide whether we shall have this detailed control of every day, day-to-day administration, or we shall judge the performance once in six months or once in every year as to how far they have succeeded. After all, the ultimate success depends on how far there has been efficient production and how far they have been able to earn profits. A person may follow the procedure correctly but still ultimately find that the concern has ended in a failure. Therefore, we have got to adopt more commercial methods. I am glad, in that connection, Shri Nath Pai quoted Galbraith but immediately he relaxed further to say that still we should have detailed control. I do not know what he means by that. But I think he will have a clearer exposition of this and tell me what he means by it.

**Shri Nath Pai:** Now or later?

**Shri C. Subramaniam:** It is not as if we are having for the first time public sector undertakings in our country. There are other countries which have got more public undertakings than we have. Lord Robens who controls the nationalised coal industry in Britain was here and I

asked him whether the Comptroller and Auditor General was the person who audited his accounts. He said, "I would not allow him to come anywhere near me. It is the chartered accountants who have got to do auditing. If I fail, then it is a question of finding out why I have failed and if I have not discharged my duties, then I should be sent out".

**Shri Nath Pai:** Are not you misquoting me? I said, we are confining to financial audit and what we need is technical audit, an audit of efficiency.

**Shri C. Subramaniam:** I am glad.

**Shri Nath Pai:** I did say. I am not interpolating now.

**Shri C. Subramaniam:** I have got what you have stated here. This is a contradiction. The hon. Member may go through his speech carefully.

If socialism is to succeed, if public sector is to make profits and innovations, if the managers in the public sectors are to stop passing the buck and start taking courageous decisions, the House will have to consider whether it is right to start the race with a handicap for the public sector. By all means have two commercial auditors independently to do the audit, if you may. But let us at least have respite from the dedicated scrutiny of trivia and leave public sector plants to handle their production problems and not occupy themselves in answering for the trivial errors of some executives who might have left long ago.

**Shri Nath Pai:** May I ask only one question of the hon. Minister? Would he call it as trivial if the estimates of his experts go wrong to the extent of 54 per cent, and only 30 per cent of imported machinery has been used and the rest has been lying idle for as long as a whole year? Is that trivial? Is that a minor thing? Is that bothering about a chair or a table? Is it fair to say all that?

**Shri C. Subramaniam:** After all, we have a schedule of programme with regard to each industry, when the machines would arrive, when they would be erected, when they would go into production and so on. Therefore, we can go into that. If there is any deficiency there because of the management, the best thing to do is to send out the manager immediately; that is the best thing rather than to look into it two years later. That is why I am saying that in an industry what is required is not an inquiry two years later but what is important is an immediate looking into the whole matter for the purpose of finding out whether everything is going on all right, and ultimately we shall have to depend upon how at the end of the year they have performed.

In this connection, I would also like to mention one other fact which was pointed out by Shri Nath Pai, with regard to the estimates of the Heavy Engineering Corporation. He made a point that the cost had increased from Rs. 125.95 crores to Rs. 206.5 crores in 1963-64. I went through the Estimates Committee's report. The excess pointed out by Shri Nath Pai does seem to be a grievously large one. But if we pause for a moment and proceed further on in the report of the Estimates Committee, we read that:

"The increase of Rs. 64 crores has been explained to be due to the inclusion of items not included in the detailed project report."

I can understand finding fault with the consultants for not including these items in the detailed project report. But to say that the cost has increased from Rs. 125.95 crores to Rs. 206.5 crores, I may say, is a little bit misleading.

Yet another aspect to which I would like to invite the attention of this House is the conditions of service of

public sector managers. If we are to get the best managers in the country to work in the public sector, we have to create the conditions to attract them. Salary alone is not a sufficient consideration. It is very often the combination of prestige, status, perquisites and pay that attract a man to a job. We have to give our managers in the public sector higher prestige, status and salaries comparable to those offered in the private sector. Invariably, I find that the present pattern of salary distribution diverts some of the best minds in the country to jobs in the private sector. I am not saying that the jobs in the private sector are not important, but, comparatively speaking, we have today a situation in which a young engineer can get more as a salesman in a private sector company selling steel than in a factory in the public sector producing essential equipment. This distortion of priorities by the structure of salaries has to be ended.

The magic of 'jobs with Government' will not have the same force a few years on as it has today. I, therefore, hold it to be of the greatest importance for the public sector undertaking to adopt a personnel policy which is more inkeeping with the modern industrial practices. Their managers should be recruited on the same 'hire and fire' basis as is done by private undertakings. They should be paid on bases comparable to private sector remuneration. Heads should roll, if performance is unsatisfactory. I include the Minister also in this regard. If I fail I should be dismissed. Promotion and preferment should go by merit and performance and not according to the sheer weight of dead years.

We have also got to undertake an industrial training programme. Unfortunately, till now, this training programme was isolated from the educational programme. It has been isolated from the research institutions.

[Shri C. Subramaniam]

We have to bring about a correlation between the educational institutions, particularly, the higher technological institutes which we have built up and the various technical institutions which we have built up. I am glad that my hon. friend Shri K. C. Pant made this point in his very constructive speech with regard to the correlation between the educational institutions and other technical institutions and industrial training programmes.

As I have already stated, management itself is becoming more and more technical, and we should have a sufficiently large programme of training our industrial managers. The history of industrial development in other countries shows that no country has made much headway by continuing to depend upon imported technology. Therefore, we have to have large programmes of research and development. In the field of research, particularly the National Metallurgical Laboratory and the Fuel Research Institute have done very good work. But the time has come when we have to have a more comprehensive work in this field. Therefore, it becomes necessary not only to have more institutions but to have the necessary resources for this purpose. We should also bring about a co-ordination of these activities. We have got equipment in the various steel projects. We have got equipment in the various technical institutions. We have also got man-power in these technical institutions. Till now, there has been no co-ordination between the research activities carried on in these institutions, our national institutes of research and our industrial units. There will have to be greater co-ordination between these institutions. These are the various aspects which we shall have to consider.

Lastly, I would like to touch upon labour relations. I know, Sir, that the time given to me is over, but

with the indulgence of the House, I would like to take a few more minutes to deal with the labour problems about which much concern was expressed. I may inform the House that I grew up as a labour leader. So, I know the problems of labour, and all my sympathies are with labour. When I took over this important portfolio, the first thing that I did was to tell the managers that our industrial projects in the public sector should become ideal labour-employers, and there should be ideal labour relationship. I can inform this House that our industrial managers have done their best; in spite of their own rigidities of approach and in certain cases in spite of their bureaucratic approach, they have done a good job, and they have tried their best to bring about a better atmosphere. But, still, we have got to consider that there are two sides to the problem. I think my hon. friend Shri Indrajit Gupta mentioned that there should be a human and civilised approach. I agree with him.

**Shri Indrajit Gupta:** I did not use those very words.

**Shri C. Subramaniam:** But it should be a two-way traffic. If you go out and lock up your managers or assault your supervisors, or boo the managers as they go round the project, will it be a humane and civilised treatment on the part of labour? After all, managers also are human beings, and they also react in a human way. Is it considered that this will be permitted particularly in a country for which my hon. friends opposite have so much of admiration?

**Shri Indrajit Gupta:** Why should my hon. friend make insinuations?

**Shri C. Subramaniam:** Any such indiscipline there would not have merely ended with putting the men

inside the lock-up, but they would have been completely liquidated. Therefore, while I have all the sympathies for labour, at the same time, we have got to see that labour also behaves properly.

I may say that I am not blaming the labour alone for that. We have created conditions in such a way that there is bound to be conflict. The 'original sin', if I may say so, was the starting of these trade unions based on political parties. Of course, immediately, my hon. friends from the Communist Party will say 'No, no, the AITUC has nothing to do with the Communist Party'. Even though the same person is the chairman of the Communist Party and the General secretary of the AITUC, yet, he works in compartments, and he is such a detached yogi that once he goes into the AITUC he functions purely as a trade unionist and once he goes into the Communist Party, he becomes a party member or a party chairman! Sir, that is impossible.

In the same way, the Socialist Party has got the HMS. So far as the Congress Party is concerned, even though we also say that we have nothing to do with the INTUC, still it is under the influence of the Indian National Congress.

**Shri Nath Pal:** All the trouble is because of the trade union of the Government coming into the picture.

**Shri C. Subramaniam:** Now, the DMK is coming into politics in the south, and so, they may also have a trade union under their wing, so much so, that, now, a trade union instead of being a mere trade union, is becoming a power and status symbol of political parties.

**Shri Surendranath Dwivedy:** And Government also.

**Shri C. Subramaniam:** Now what is to happen tomorrow? Suppose there are two communist parties, one of the Peking variety and the other of the non-Peking variety. Suppose

tomorrow the PSP and the Socialist party of Dr. Lohia merge. These may be two wings of the HMS, one with the Congress and other with the new party.

**Shri Surendranath Dwivedy:** No, no. The INTUC is there. There is no difficulty. I do not think they are going to start another inside that.

**Shri C. Subramaniam:** In the same way, the INTUC. Whenever there is no strong leadership in the INTUC and whenever there is faction within the Congress Party, that gets itself reflected in the INTUC also--there are two factions in the INTUC. We see it everywhere.

Therefore, what I say is that unless we take away this political attachment of trade unions, it will not be possible for us to make any progress whatsoever because this trade union activity is political activity in the guise of trade unionism. It is going on now. When it is in the interest of various political parties to bring down the Government, one way of doing it is to see that on the economic front we become a failure, and that can be attempted by affecting production....

**Shri Surendranath Dwivedy:** You are diverting the issue.

**Shri C. Subramaniam:** .... in the various industrial projects. Even though they might protest that they are interested in building up the public sector projects unconsciously the working of their mind is to see that they should not be a success; otherwise, the prestige and power of the Congress goes up.

**Shri Surendranath Dwivedy:** This is something nonsense.

**Shri C. Subramaniam:** I am also a human being. I know.

**Shri Surendranath Dwivedy:** We are not going to swallow this charge.

**Shri C. Subramaniam:** I know human reactions.

**Shri Surendranath Dwivedy:** He cannot make the charge that all political parties do not want the public sector to be a success? This is humbug.

**Mr. Speaker:** Order, order.

**Shri C. Subramaniam:** I am glad the hon. Member is so detached that in spite of his political opposition, he will help the Congress in making..

**Shri Surendranath Dwivedy:** Not the Congress. There you are making a mistake. The cat is out of the bag.

**Shri Koya (Kazhikode):** The Congress is not the country.

**Shri Surendranath Dwivedy:** The public sector is not Congress property.

**Mr. Speaker:** Let us proceed now in the manner we are required to.

**Shri C. Subramaniam:** Unfortunately, I find another thing. Any individual is entitled to start labour union, so much so that it is not one labour union or two labour unions but a multiplicity of labour unions that we see today. No doubt, we have got codes of conduct at the highest level. I am sure when the labour leaders enter into them, they do so sincerely and genuinely and they also try to implement them. But what about the lower level? They are not interested in the national leadership entering into these codes of conduct. They want to be the dominating factor in each individual plant. Therefore, there is a continuous tussle going on.

Therefore, in the present structure of trade unionism, in the present structure of our labour policy, for which I take the blame as a Congressman and as a Congress Minister, in the present structure of labour policy where we allow a multiplicity of labour unions based on and attached to political parties, there is a built-in position of conflict. I want to emphasise this fact, and I say it with regard

not only to public sector projects, that unless industries grow, unless production improves, there is no question of improving the lot of the common people. From that viewpoint, we have to evolve a labour policy which will take away these political influences and political conflicts. After all we are all human beings. We want to succeed for ourselves. Therefore, we have to evolve a policy which will not have built-in conditions of conflict and, if I may say so, confusion. This is one aspect which will have to be kept in mind.

If I have said anything to offend any of my political friends opposite, I am prepared to withdraw it. But it is not a question of any political party. It is a question of national interest. It is a question of national policy. It is a question of building up the country in a way which will give new opportunities, a new life and a new spirit to the millions of our people. That can happen only when we succeed in our industrial programme. The industrial programme cannot succeed unless we have the co-operation of the entire labour, unless labour becomes more efficient, unless we create conditions in which labour and management can co-operate fully. That is why I am pleading: let us sit down and discuss. I may be wrong. But if any other Member is prepared to suggest any other solution . . .

**Shri Surendranath Dwivedy:** We are prepared to evolve a labour policy so far as the public sector industries are concerned. Let us do that. Let us find out what is the root of the trouble and who is responsible for it. If the hon. Minister is prepared, so far as Rourkela is concerned, to appoint a commission to inquire into the causes of the labour trouble and who is responsible for it, I say categorically here that if the labour union belonging the HMS is established to be responsible for the trouble, we will have nothing to do with it and we will decry it. Let us

go into this matter. This is a very serious matter....

**Mr. Speaker:** That interruption is enough.

**Shri Surendranath Dwivedy:** Let us evolve a labour policy.

**Shri C. Subramaniam:** I am not singling out any individual plant.

**Shri Surendranath Dwivedy:** Let it be anywhere in the country.

**Shri C. Subramaniam:** I am referring to the entire national situation today. I have no doubt in my mind that unless we are able to find a solution to this ticklish problem, whatever other measures we might take with regard to investment, with regard to putting into the plants hundreds of crores and so on, we will not be able to get the full results and full yield from those projects. That would mean delaying the coming of the millennium for the poor people of this country.

I hope the House will give some thought to some of the thoughts and ideas I have expressed and ultimately I hope and trust the House will take decisions which will contribute to the further growth of industry which alone will lead to betterment of the society.

**Mr. Speaker:** Am I required to put any cut motion separately?—No. All the cut motions were put and negatived.

**Mr. Speaker:** The question is:

"That the respective sums not exceeding the amounts 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 1965, in respect of the heads of demand entered in the second column thereof against Demands Nos. 79 to 81 and 136 relating to the Ministry of Steel, Mines and Heavy Engineering".

*The motion was adopted.*

*The motions for demands for Grants which were adopted by the Lok Sabha are reproduced below—Ed.*

**DEMAND NO. 79—MINISTRY OF STEEL, MINES AND HEAVY ENGINEERING**

"That a sum not exceeding Rs. 37,74,000 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, 1965, in respect of 'Ministry of Steel, Mines and Heavy Engineering'."

**DEMAND NO. 80—GEOLOGICAL SURVEY**

"That a sum not exceeding Rs. 3,24,84,000 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, 1965, in respect of 'Geological Survey'."

**DEMAND NO. 81—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF STEEL, MINES AND HEAVY ENGINEERING**

"That a sum not exceeding Rs. 35,13,40,000 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, 1965, in respect of 'Other Revenue Expenditure of the Ministry of Steel, Mines and Heavy Engineering'."

**DEMAND NO. 136—CAPITAL OUTLAY OF THE MINISTRY OF STEEL, MINES AND HEAVY ENGINEERING**

"That a sum not exceeding Rs. 1,26,37,92,000 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, 1965, in respect of 'Capital Outlay of the Ministry of Steel, Mines and Heavy Engineering'."