

[Shri Satya Narayan Sinha]

It was the unanimous opinion of those present at that meeting that the Question Hour may be dispensed with and that the House may meet at 12 o'clock every day for its normal sittings. This involves the suspension of Rule 12 and Rule 32 of the Rules of Procedure relating to Sittings of the House and time for Questions. I hope, Sir, the House would agree to suspend these Rules during the rest of the Session from Monday next.

**Shri Hari Vishnu Kamath** (Hoshangabad): Mr. Speaker, Sir, I am sorry I could not attend the meeting because I had to take part in the debate on the Pondicherry (Administration) Bill.

**Shri Satya Narayan Sinha:** His representative was there.

**Mr. Speaker:** Was his party represented?

**Shri Satya Narayan Sinha:** Yes.

**Shri Hari Vishnu Kamath:** Shri Hem Barua was there. I am not discussing about the duration of this Session; on that a decision was taken. I am talking about the Question Hour.

**Mr. Speaker:** About duration he agrees?

**Shri Satya Narayan Sinha:** The hon. Member's representative agreed to it.

**Shri Hari Vishnu Kamath:** I want to make a submission. The House is not ultimately, finally, completely bound by the decision of a committee. Always changes are made by the House.

**Mr. Speaker:** But the hon. Member is bound by the decision of his own group.

**Shri Hari Vishnu Kamath:** Yesterday the announcement made by the Minister was about the fixation of the duration of the Session. Other matters

were not mentioned. Therefore, when Shri Hem Barua represented, I told him that he may tell the Committee that the House may sit up to the 11th.

**Mr. Speaker:** The hon. Member may raise this objection when the motion is put for suspension of the rules.

**Shri Hari Vishnu Kamath:** So the motion is not yet before the House?

**Shri D. C. Sharma** (Gurdaspur): Sir, I rise to a point of order. What is the good of having these committees, what is the good of calling the leaders of parties, if its decisions are questioned like this? It is sheer waste of time.

**Mr. Speaker:** That we will consider.

**Shri Satya Narayan Sinha:** The hon. Member's representative was there and he has agreed to this.

**Shri Hari Vishnu Kamath:** Let the motion come before the House.

13.07 hrs.

INDIAN TARIFF (AMENDMENT)  
BILL—contd.

**Shri A. C. Guha** (Barasat): Mr. Speaker, Sir, it has been the accepted policy of all countries, particularly undeveloped countries, to give protection to their nascent industries. It is the accepted policy of this Government also. So, on principle, there is nothing wrong in giving protection to some of these industries which have been developing and which have to compete with foreign imports.

But, the question has also to be seen whether this protection has been properly utilised for the good of the country, for the economic development of the country, or the protection has been utilised only for the benefit of some of the manufacturers of even for the exploitation of the consumers. Some of these industries

have done quite well. In the notes circulated to us we find that the Tariff Commission has particularly recommended that the stearic acid and oleic industry does not require any more protection, the industry has done quite well and has made the best use of the protection given to the industry for these years. In respect of another industry also, the antimony industry, I think the performance is quite satisfactory, though it has not yet reached the stage of being able to be independent of any protection for development.

But there are certain other industries which have been receiving this protection for the last 10 or 12 years, and still they are not yet in a position to stand on their own legs or to compete in quality or in price with the imported goods. In 1952, when for the first time protection was given to the ball bearing industry, I think, if my memory is not failing me, the Tariff Commission made some remarks that it was not able to get the costing of the manufacture in that industry. If the costing is not revealed to the Tariff Commission, I do not know on what grounds the Tariff Commission can recommend the rate of protective duty. In this report also I do not find whether it has been possible for the Government to get the proper costing.

**Shri Bade:** Since 1952 the same question of costing is there and they are again raising it today.

**Mr. Speaker:** That is what he is pointing out.

**Shri A. C. Guha:** The price variation of ex-factory production of this industry and the wholesale market price of imported articles excluding the import duty is considerable; it is near about 100 per cent more than imported goods. In some cases it is more than that. In one case 1.49 is the import price whereas the indigenous price is 4:39, which is nearly 300 per cent higher. Similarly, in the

case of most of the items the indigenous price is very much higher than the import price, of course, before the import duty. The import duty has been about 92, 95 or about 100 per cent.

About quality also, the Tariff Commission is not satisfied. It has said:

“Though the indigenous ball bearing industry has made some improvement, there is still scope for further improvement. Therefore, it is necessary that the companies should properly enforce statistical quality control, utilise electric machines for this purpose, etc.”

If not all, most of these industries are highly capital-intensive. With an investment of about Rs. 1 crore the persons employed in one industry are only 200 or 300. Now some small-scale units have also started producing this. I do not know how the Government have been giving encouragement to them. If an industrial unit, after enjoying protection for 10 or 12 years, has not been able to improve its quality and reduce price, it is no use giving it permission to expand. In such cases, Government should encourage small-scale units and give them facilities for standardisation by supplying them with machines, tools, etc.

So far as the ball bearing industry is concerned, the hon. Minister has stated that there is a proposal to set up a factory in the public sector. It is quite all right. We welcome that suggestion. But the Hindustan Machine Tools or the National Instruments Factory can also try to manufacture these things. I am not sure whether it would be possible for them, but it should anyhow be attempted in the public sector. Whether any one of the existing industrial units should attempt this or a new unit is not of much concern to this House but the House would be interested to know that Government proposes to

[Shri A. C. Guha]

start a factory for producing ball-bearings. If they start one, I hope the cost will come down and the quality will also improve.

In the case of the plastic industry, it is a good thing that now the raw materials would be manufactured in the country. It has made some progress. Here also some small-scale units are coming up. I do not know what the proposals of the Government is to protect the small-scale units in the face of competition from bigger units. As the Government policy enjoin the Government to give protection to indigenous industry as against foreign industries, similarly, it is also the obligation of the Government to give protection to the smaller units as against the indigenous bigger units. In spite of protection for the last 10 or 12 years and in spite of giving them permission to expand, the bigger units have not been able to improve their efficiency. So, Government should now try to encourage smaller units for the manufacture of some of these items, especially when some small units have already started to come up.

Then, in the name of protection, Government should not allow some of the big industrialists to exploit the people. Most of these are raw materials or accessories which are used by the manufacturing industries. Any higher cost in their case would mean higher cost in the production of consumer goods. So, it should be the concern of the Government to see that these raw materials and accessories are supplied at an economic price and according to the standard quality so that the production of consumer goods may be put on an economic basis.

In the end I would request that the smaller units in all these industries may also be given proper protection. Whether it is tariff protection, fiscal protection or any other protection, they should be given some help so that they can compete with bigger

units, especially when the bigger units have not shown any skill or efficiency to improve their quality or reduce cost. The smaller units should be given a chance to see if they can improve their quality and serve the nation and the industries.

**Shri Manubhai Shah:** I am grateful to the House for the very valuable but brief remarks of the hon. Members. I would take the observations of my hon. friend, Shri Bade, first. He directed a great deal of his attention, and rightly so, on the ball-bearing industry, because that is the most important industry out of the industries covered by this Bill. Remarks were also made by my hon. friend, Shri Guha, about this important industry.

The real position is that ball-bearing industry is not one which is vulnerable to the small-scale sector at all. No doubt, in the small-scale sector there are a few units which make bigger-size steel balls, or steel balls required by the cycle and other industries, but when it comes to high velocity, high tensile strength ball-bearing of great precision and of the right quality, they can be manufactured by the large-scale, highly-mechanised, technologically advanced units only.

It may be remembered that ball-bearing is part of a very fast-moving accessory equipment, and the wear and tear that a ball-bearing has to bear upon itself is of a tremendous character. If we give to a human body something which is vital and yet which is defective, then the body itself will feel fatigued or disabled. So also is the case with machines. Since the ball-bearing is part of an industry which is accepted to be one of the highly-advanced technological industries, no risk can be taken there by using any inferior or badly-processed ball-bearing. In spite of that, such categories as are possible to be produced in the small-scale sector are

allowed to be produced and, as the report itself and the summary of the notes will clearly indicate, whereas the output of the small-scale sector was reported to be 3,60,000 Nos. in 1960, it rose to 4,70,000 in 1961. So, all due and legitimate assistance, consistent with the policy of the Government to support small-scale sector—there is no village sector at all in the ball-bearing industry, because it is not a thing which can be attempted by a blacksmith in the village—wherever some good mechanised units are there which produce ball-bearings satisfactorily, they are greatly promoted.

Coming to the major units, it is true, as Shri Guha has stated, in the last report the Tariff Commission has adversely commented on the Jaipur unit. But in the present report the quality has been found to be fairly satisfactory. As a matter of fact, we have very intimate personal knowledge of the qualities produced, because in the public sector also some of these ball-bearings have been purchased by us and used.

**Shri Bade:** There are complaints that the fans make much noise.

**Shri Manubhai Shah:** That is not the fault of this industry, not of the large-scale unit. Further, when their number runs into millions of ball-bearings, some ball-bearings may be found to be defective. It has happened even in the case of imported varieties. When ball-bearings are produced in such large numbers, if some ball-bearings somewhere do not fit in or do not come up to the prescribed standard or quality of the specifications, it is something which is regrettable but, at the same time, it is not a feature which is absent even in the case of imported ball-bearings. As a matter of fact, complaints have come to us of some electric motors running defectively, even in the case of imported motors. I have had occasion to go to Maharashtra and see a sugar factory where the whole of the turbine has been rendered completely incapable of

running and almost broken down on account of some defects in the roller bearing, ball bearing and other bearings of the imported equipment. Of course, I am not defending it; I am only placing the correct facts before the House. During the last few years, especially since the last report, there has been considerable improvement in the quality of ball-bearings manufactured in this sector.

Coming to the large necessity of this country for ball bearings, as I have mentioned, we are thinking of putting up a big public sector project to make ball bearings of all types, that is, roller bearings, coach bearings, taper bearings, sleeve bearings etc. There are hundreds of types of taper bearings required for the different industries and it will not be sufficient merely to leave this basic industry to the private units because it requires huge investment. The investment in the new unit might range between Rs. 12 crores and Rs. 20 crores. The production capacity of the public sector project might have to be tremendous

Therefore whether it is run as a separate unit, as Shri Guha suggested, or as part of the existing unit is a different matter. But when an entirely different line neither the HMT nor the National Instruments Factory can produce ball bearings. It is a highly technological, automatic and a continuous process industry requiring a metallurgical base. Therefore it has to be put in a very major way in the public sector to cover the entire requirements, from pin bearing to, what is called, the 36-inch bearing which is like a big ball, to run some of the gigantic machines on these bearings. So, we are quite aware of the cautions and the points which my hon. friends, Sarvashri Guha, Saraf and Bade made.

Coming to the antimony industry, my hon. friend from Kashmir is not here just now, but I can assure him that we are trying to look into the deposits in the State of Kashmir.

[Shri Manubhai Shah]

We are giving a very, very high priority to the development, industrial and otherwise, of this pretty State of ours which is one of the most important States of this country, namely, the Jammu and Kashmir State. We have given special attention to its industrial development in the last few years and considerable progress has been made as he himself knows because he was the Minister of Commerce and Industry of the Jammu and Kashmir State in recent years before he came here. I can assure him that the antimony deposits of his State will be properly surveyed and fullest utilisation made thereof whenever the need arises.

I am glad that on the whole the Bill has received good support from the House. Regarding the prices, the quality and the various inspections, we are constantly aware of these things. It is not possible to reduce protection beyond a point where the industry itself becomes disabled.

**Shri Bade:** From 1952 to 1962 a tariff wall has been raised. Now you want to keep the same height of the wall. Why do you not reduce it year by year? That was the policy of the British Government as also of economists, namely, that the tariff wall is always reduced and demolished to the ground. That should be the policy of the Government.

**Shri Manubhai Shah:** That is our policy.

**Shri Bade:** That is not indicated here.

**Shri Manubhai Shah:** As I have mentioned in my earlier speech, we have de-protected a large number of industries.

**Shri Bade:** Instead of it being demolished at once, it should be scaled down.

**Shri Manubhai Shah:** I will come to that. The second stage would be

to demolish or reduce protection—I will not call it demolishing of protection because that is de-protection. The Bill already contains three major industries which are being de-protected in line with our policy. Where the raw materials, as in the ball bearing industry, are imported non-ferrous metals, high carbon steel and rods, in order to earn larger foreign exchange in export markets many of the producers in foreign countries try to sell their finished products even cheaper than their intermediate products or raw materials because they do not want competitive industries to be developed in other under-developed areas. In order to kill the base, they export finished products even at a cheaper price than the intermediate products. We have seen it in the case of penicillin, in the case of antibiotics, in the case of non-ferrous metals and even in the case of steel structurals where billets are sold...

**Shri Bade:** Ball Bearings.

**Shri Manubhai Shah:** I am explaining the basis and that it is not without calculation. The raw materials are entirely imported in the ball bearing industry. Therefore to demolish or reduce protection at this stage is not possible still. But that stage will definitely come 70 to 80 per cent. of our cost of production in the ball bearing industries is really accounted for by the raw material itself. If the raw material is to be paid for from imported varieties at a high price, we cannot find fault with the producing industry at this juncture. But at the same time I can assure the House that all these aspects will be considered.

The Tariff Commission are now attaching two reports—one is the basic report and the other is the confidential report on the cost of production.

**Shri Bade:** They have complained in this report that there is lac of data on costing. There is no costing at all. That is the complaint.

**Shri Manubhai Shah:** There are two aspects of costing. Costing by the regular cost accountants is one thing and costing to be done by the Tariff Commission to arrive at the quantum of protection is another. These are two different things. The Tariff Commission goes into the costing not only for representative units but for practically every major unit and comes to the conclusion as to what the quantum of protection is required. The House has been aware that for several industries we have recommended reduction of protection and of duties wherever it was justified on facts. I am merely mentioning why in this particular industry reduction has not been possible at this time. It is due to the high dependence of this industry on expensive imported raw materials which are still not being manufactured either in the public sector or in the private sector. I hope before long in our steel plants and in the non-alloy steel plant we might be able to produce a sizable quantity of these raw materials.

With these words I will commend the Bill for the acceptance of the House. I am grateful to hon. Members for their constructive suggestions.

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

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

*The motion was adopted.*

**Mr. Speaker:** Now, we shall take up the clauses. There are no amendments. So, I will put all the clauses together to the vote of the House.

The question is:

That clause 2 stand part of the Bill."

*The motion was adopted.*

*Clause 2 was added to the Bill.*

*Clause 1, the Enacting Formula and the Long Title were added to the Bill.*

**Shri Manubhai Shah:** Sir, I beg to move:

"That the Bill be passed."

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

"That the Bill be passed."

*The motion was adopted.*

13.26 hrs.

#### DEFENCE OF INDIA BILL-

**Mr. Speaker:** The House will now take up further consideration of the following motion moved by Shri A. K. Sen on the 21st November, 1962, namely:—

"That the Bill to provide for special measures to ensure the public safety and interest, the defence of India and civil defence and for the trial of certain offences and for matters connected therewith, be taken into consideration."

Shri D. C. Sharma who was in possession of the floor might continue his speech.

**Shri Hari Vishnu Kamath (Hoshangabad):** Sir, the hon. Minister may kindly be informed. He does not know that it may start early. Two hours had been scheduled for the two Bills and we have saved one hour. So, the hon. Minister, Shri Sen, may be informed.

**The Minister of International Trade in the Ministry of Commerce and Industry (Shri Manubhai Shah):** I am here.

**Shri Hari Vishnu Kamath:** You are here, but he is also interested in it. He said that he was interested in it.

**Mr. Speaker:** Probably the Whip has gone.