

EXCISE DUTY ON VEGETABLE NON-ESSENTIAL OILS

Shri R. C. Majhi: I beg to present a petition signed by a petitioner regarding excise duty on vegetable non-essential oils.

DEMANDS FOR GRANTS: contd. MINISTRY OF COMMERCE AND INDUSTRY—contd.

Shrimati Masida Ahmed (Jorhat): Sir, I beg to say at the outset that I am neither going to comprehensively review the annual report of the Ministry of Commerce and Industry nor searchingly scrutinise their Demands. I shall merely submit some humble observations on a few activities of this Ministry. There can be no two opinions in this House that this Ministry has played an effective role in implementing the avowed policy of the Government of India in diverse economic spheres. The annual report shows that despite many difficulties and shortage of foreign exchange the Ministry of Commerce and Industry has made all-round efforts to better the industrial output and instal new lines of production in many industries. It is a matter of genuine pleasure for me, and I believe that other hon. Members of this House will join with me in congratulating the Ministry for its endeavour to change the industrial face of India. Leaving aside the big cities, the small towns and even villages are today humming with industrial activity and millions of hands, formerly unemployed or under-employed, are now engaged on gainful employment. The Ministry through a large number of governmental and semi-governmental bodies has financially and technically assisted the small entrepreneurs to acquire a new status of life. In a period of seven years only (seven years of the Plan period), India has acquired pride of place on the industrial map of the world and it is, if I may say so, not a small achievement considering that the country has emerged from a war-torn economy and set-backs of geographical partitions.

First of all, I would like to say a few words about the handloom industry which has been aptly described as the jewel of our cottage industries. This hereditary cottage industry is playing a significant role in our rural economy. It is providing direct employment to 75 lakhs of persons who work on some 25 lakh handlooms spread all over the country. The handloom industry has come to stay and we can confidently hope that in the near future it will provide gainful employment to more and more persons. Here I wish to say something about the quality, designs and colour schemes of the handloom fabrics. I understand that fashion experts of some foreign countries, where we are interested in exporting our handloom fabrics, believe that the quality, designs and colour-schemes will not have a wide appeal and popularity in those countries. For instance, we in this country like bold, red, green and blue colours, but in Paris, New York and other fashion centres the designers and customers like faint, gentle colours. So, I would like the Minister to look into this aspect of the handloom industry so that just by oversight we do not lose foreign markets for our handloom products when production is rapidly increasing. I am happy to see that this Ministry and all the State Governments have set up a chain of emporia within the country and a few important centres abroad where specimen of the Indian handicrafts are displayed on a permanent basis. Assam which has the unique privilege of being the premier State of India so far as non-mulberry silk is concerned has some exquisite traditional handicrafts such as embroidered silk and cotton fabrics, bamboo and cane articles, wood carving, etc. But I am sorry to say that these articles of Assam handicrafts are not exhibited in the show cases of the Central Government emporium in the capital and I do hope that specimens of Assam handicrafts will have a permanent corner in the Central cottage industries emporium and other displaying centres abroad in the near future. The Handicrafts Board arranged an exhibi-

[Shrimati Masda Ahmed]

bition of bamboo articles in New Delhi a few weeks back. I am confident that if the bamboo articles are adequately displayed by our emporia, this industry will receive an impetus and the manufacturers a steady means of income.

Now, Sir, I come to the small scale industries. The Ministry has circulated a brochure on the programme and progress of the small scale industries in the country. It gives a list of 127 schemes, a great majority of which are already being worked out and the rest are to be started soon. I find that the list includes various kinds of tools and equipment and consumer goods. But I am surprised to note that in the list there is no mention of tools and implements which the tea plantations need very badly. Obviously, if the Government of India would not encourage the manufacture of tea plantation implements within the country, they will have to be purchased outside India and that would mean a strain on our foreign exchange. I shall, therefore, request the hon. Minister to give a thought to this essential item and include it in the list of small scale industries. This small industry for manufacturing tea tools should be extended all the aid which the Government normally give to other industries of similar type. In Assam, the Co-operative Industries of Karanga, which is within my constituency, are for the last few years manufacturing some tools needed by tea plantation. But the rate of production and the variety of tools are limited and the work on the whole is handicapped because of want of power, financial aid, marketing information and marketing facilities. Similarly, there are a large number of other small industries in Assam which need to be revived, rehabilitated and developed. The Ministry already has an industries information service. I wish to submit that this service is vitally important for the promotion of small scale industries and it should be fully extended to all parts of the country

including Assam so that the energies of small entrepreneurs are usefully and gainfully channelized.

The bicycle has been found to be a quick and cheap means of transport, particularly in rural areas where the people are rendered immobile in the absence of a handy means of transport. I am happy to note that this industry has made good progress and the increasing internal demand for bicycles is being met. I should like to tell the hon. Minister that the bicycle has not yet found its way to Assam where I feel it is an imperative necessity. Either the manufacturers of bicycles should make their products available in Assam at prices prevailing in other parts of India or the Government of India should encourage some local people there to start the manufacture of bicycles and spare parts. It will provide employment to people and a cheap means of transport to the student community, the office-goers and the peasantry at large.

Though I fully endorse the Government's policy in setting up drugs and allied pharmaceutical industries and restricting the import of medicines, yet I am to say that I find the restriction on the import of medicine has become so wide that certain essential medicines which are not being indigenously produced or whose indigenous equivalents are poor have been excluded; and in consequence, some of these essential medicines have now been stocked away by the agents of foreign medicines and are sold at fantastic prices by the unscrupulous dealers without any cash memo. The restriction in import of medicine is severely affecting the victims of certain diseases. So, I would request the Government for some relaxations in the import machinery so far as essential medicines, X-ray plates, surgical instruments and certain baby foods are concerned. I am to regretfully say that the indigenous production of drugs is not adequate and its quality is poor. We hear so many complaints

about the inferiority of penicillin locally produced. Sir, I was shocked to learn about one specific instance from a medical personnel in Assam. He disclosed that to his utter surprise he found flour in a penicillin phial. I would like to draw the special attention of the hon. Minister to this matter and request him to probe into this lamentable affair.

Lastly, I have a suggestion to offer to the Ministry of Commerce and Industry. It is about the commemorative stamps. During the last few years commemorative stamps have been issued about some of our achievements. India has become self-sufficient in some light engineering and other industries. Let us have a series of commemorative stamps on them. In this context, I want to mention tea and jute, the principal foreign exchange earners of the country. The facsimile of the tea leaves and jute plants on our foreign mails will no doubt be an effective means for wide publicity which would incidentally promote our exports. The Ministry should take up this matter with the Ministry of Transport and Communications.

Finally, Sir, I am to say that when on the one hand we rejoice to see the glorious map of Industrial India, on the other hand we the people of Assam are very much disappointed at the go-slow policy of the Government of India in industrialising that easternmost part of the country. It is indeed a great pity, that not a single industrial project has been set up in Assam so far, when other sister States like Madhya Pradesh and Orissa are marching towards a bright and prosperous future with huge industrial projects.

The strange thing, the painful thing is that when Assam's natural resources are the highest per capita in the country, Assam's per capita income is the lowest in the country. Therefore, I urge upon the Government to expedite measures to harness the vast resources of the State hitherto unexploited, which will go a

long way in ameliorating the economic condition of the people. We are looking forward to that day when Assam will be able to take her rightful place with the other sister States of India and to contribute worthy contributions towards strengthening the national economy.

With these words, Sir, I support the Demands of this Ministry.

Shri Kuttikrishnan Nair (Kozhikode): Mr. Deputy-Speaker, Sir, I speak in support of the Demands relating to this Ministry. In doing so, I express the sentiments of the people of India about the success in our achievements in the industrial sphere. In this sphere, Sir, we have been very fortunate, and our policy is mainly responsible for the success in this sphere.

We have a co-ordinated policy, a policy that will start in the way of construction of a country through democratic methods. The private sector and the public sector are given due prominence, and the policy is such that no other practical methods could be found in implementing the industrial achievement of our country. With these words, Sir, I wish to support the Demands.

At the same time, we are now considering the shaping of the Third Plan, so much so it may be in place if I place certain suggestions regarding my State. I belong to Kerala, to the northern portion of Kerala which was previously part of Madras. While we were with Madras we were practically neglected. It has been our fate after the formation of the Kerala State, that we have been neglected hopelessly.

Sir, considering the density of population in Kerala, you will find that it comes to 907 while the all-India basis is only 312. As to unemployment, the employment exchange figures for the period ending 31st March 1969, will show that petitions are pending in respect of 39726 persons. Educated unemployment in

[Shri Kuttikrishnan Nair]

Kerala is a peculiar thing, and I need not stress upon that point. Under-employment in Kerala is more than in the rest of India. The agricultural labour is 13 per cent of the population in India, while it is 31 per cent in Kerala. If we scrutinise the existing condition of industry we will find that it is very backward in industrial progress. There are under the Factories Act 1349 factories with 1,21,747 workers. The average works out to 90 workers per factory. If you look at the set-up of industrial workers, you will be surprised to find that out of the industrial workers 34.2 per cent are working in cashew factories, only 14.9 per cent in textile mills, 11.8 per cent in coir industry and 8.8 per cent in bricks and tiles. Cashew industry and bricks and tiles industry are seasonal. The industrial backwardness of the State can, therefore, be very well realised.

Sir, I welcome the industrial policy of the Government of India, which stresses that regional development is necessary. As such, Sir, I think it will not be out of place if I say that the northern portion of Kerala which has been neglected consistently will be looked into when the Third Plan is finalised.

The Government of India granted during the Second Plan period four units for manufacture of cycles to Kerala State, but it has been our misfortune that all the four units were combined by the Kerala Government into one and that too was located in the industrially developed Trivandrum. I point out this because, when the rest of India is prospering because of the industrial policy of the Government of India, it will be cruel if we, a portion of the northern part of Kerala, suffer because of neglect both at the hands of the State Government and at the hands of the Centre.

Sir, there is scope for a paper mill in Nilambur. 25 per cent of the area is forest. Moreover there is available all the material necessary. Water is

there in plenty. So also electricity. I would suggest that the prospect of establishing a paper mill in the Nilambur area is very bright.

The Minister of Industry (Shri Manubhai Shah): Sir, without meaning to interrupt the hon. Member, I would say, as the House is aware, a big paper factory and a pulp factory has already been designed based on the Nilambur forest resources.

Shri Kuttikrishnan Nair: It was in respect of a private concern. But I am afraid, because of an agreement which has been under fire as the interest of the workers was disregarded, that may not fructify. I appeal that a Government factory may be taken up and established there. You may remember that in respect of Rubber production, Kerala has contributed ninety-nine per cent of the output. There are sixty-one factories. There are 2168 workers. There are in all three and a half lakhs of workers in all the rubber plantations. If proper facilities are afforded it will be of very great help in the promotion of this industry.

I would like to stress about the need for setting up another factory for lemon grass oil. Kerala has the monopoly of this particular item. It is a peculiar product of Kerala. We will be earning good foreign exchange by the export of this item.

I think it will not be out of place if I make a reference to the second Ship-building yard at Cochin. The Expert Committee has accepted that Cochin is the best place. We find a lot of propaganda going on that it may be shifted from there. The Chief Minister wrote to the Members of Parliament belonging to all parties saying that the Centre is going to change it and we have to be alerted. So, I am sure that this Government will give due consideration to this matter and that they will be doing their best and the just thing.

Coming to export commodities, I would like to refer to black pepper. We were earning a lot of foreign exchange because of export of this commodity. Now the prices have gone down. There is ample scope for the development of export of pepper. In 1953-54, about 12,661 tons were exported. In 1954-55, 13,691 tons were exported. In 1955-56 approximately an equal quantity was exported. We have got new markets in U.S.S.R. and Italy, and this should be taken advantage of. We find that the market which was speculative has now settled down. We should take advantage of the new markets where black pepper is in great demand.

The same is the case with cardamom and ginger. For looking after export promotion of these commodities there should be a Spices Board. The success of this Ministry is due to the innumerable Boards that they have constituted. The Coir industry has attained some settled position after the formation of the Coir Board in 1954. In 1954-55, 10,720 cwt. of fibres were exported. In 1955-56 the figure is 13,320 cwt. So far as yarn is concerned, in 1954-55, 10,52,055 cwt. of yarn was exported. In 1955-56 the figure comes to 10,83,211 cwt. Now, I appeal to the hon. Minister to establish a Spices Board so that we could improve export of these commodities. If we do that, India will profit in earning foreign exchange to a greater extent.

I would like to refer to one other point. Under the Kerala Agrarian Relations Bill, pepper gardens and cashew gardens are treated as ordinary gardens and ceilings are fixed. As a result of this, excess land will have to be surrendered. I would request the hon. Minister to see that no fragmentation of the pepper and cashew gardens takes place. Under the above Bill, no extensions of the plantations could be resorted to in future. That is, Sir, a step which will affect our earnings of foreign exchange.

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

Shri Kuttikrishnan Nair: With these words I request the hon. Minister to consider the importance of Kerala in earning foreign exchange and the request of the people of Kerala. I request also the hon. Minister to see what could be done in this direction while preparing the Third Five Year Plan.

Dr. Krishnaswamy (Chingleput): Mr. Deputy-Speaker, Sir, I regret very much that I cannot take the same rosy view of the situation as some of my hon. friends who have preceded me have done. The situation today in the field of exports is extremely grave, and a duty is cast on all of us, ministerialists and non-ministerialists alike to see the situation as it is and not as we would wish it to be.

During the past year or two, certain steps have been taken to improve the export position. But it is clear that they had not been sufficient. Indeed, in a few cases, these measures have had the opposite effect. Since August 1958, I think, if my memory serves me aright, restrictions on exports of two hundred commodities have been removed, quotas have been liberalised. Hefty excise duties on many articles have been levied making the domestic market unprofitable. Notwithstanding all these steps our exports have not jumped up. What is the explanation, Sir? Some of my friends, both here and outside, have pointed out that it is necessary to reduce excise duties in order that the trade might improve. I only want to point out that a mere reduction in excise duty will not improve our position in the export market. What is wrong with our textile units is that they are outmoded and have ceased to be competitive altogether. We have succeeded in making the domestic market unprofitable without improving the competitive position of the textile units abroad. The textile units can achieve competitive position only if we adopt

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more rationalised methods of production, of purchase and of employment. Seven years ago, the working committee on textile industry made suggestions for improvement and if there are yet difficulties, it is because we have not been able to implement a large number of their recommendations of that Committee. What is lacking today is not lack of knowledge but lack of will-power to execute the proper policies in order that we might achieve the maximum desirable result. We talk of the dynamics of the economy. But there has been no such thing as a moving power to face up with the consequences of the new demands that are made on us. Quite apart from the current strains on our balance of payments, one has to view promotion of exports primarily as part of a longer-term problem. Let us realise that the additional interest and repayment obligations which fall due from 1960-61 onwards will require a twenty-five per cent increase in our exports. We are now exporting somewhere around Rs. 550 crores or thereabouts. A twenty-five per cent increase would, therefore, be a considerable amount. But, in addition, Sir, we will need more imports for a larger development plan.

16 hrs.

Of course I realise that changes have taken place in our economy. My hon. friend the Minister of Commerce and Industry has spoken frequently of the import saving that is bound to occur in our economy. I give credit to the Ministry for those steps that they have taken in this connection, but I would like them to have a sense of perspective. We might even with a certain amount of luck save about Rs. 100 crores on the import of steel and another Rs. 30 to Rs. 40 crores on the manufactures which were previously imported into our country. Surely, even on the most optimistic assumption, the additional requirements of imports for a larger Plan and for a higher level of internal

production would have to be met either from additional foreign aid, a fact which deserves to be underlined, or from increased exports. We cannot console ourselves by the reflection that our national income will increase. There has been a tacit assumption on the part of certain statisticians, including my friend Professor Mahalanobis of the Planning Commission, that if there is an increase in national income there would be an automatic increase in exports. Past experience has proved these statistical prophets to be wrong. An increase in national income does not necessarily lead to an automatic increase in our exports. Indeed, the type of increase in production that has occurred in our economy during the past decade and what is taking place is not by and large export orientated.

For instance, increased production of vanaspati or soap will normally imply a reduction in the amount of vegetable oil that we have for exports. Therefore, the prime essential is to concentrate on export orientated industries and to ensure that import of raw materials and components are linked up with export performance, even in cases where industries are mainly for domestic consumption. This was done in the United Kingdom immediately after the war, the years of hardship, as they are termed by professional economists. But in spite of affording all these incentives, we will still have great and formidable difficulties to surmount.

Let us realise that the integration of Europe into a common market is likely to affect our interests adversely. For one thing, we will have to face a higher tariff barrier in the future vis-a-vis the countries of western Europe. For another, the associated territories will have an advantage over us in respect of many raw materials. It may be sound policy on the part of our Government to negotiate with these countries for a reduction in tariffs. It may also be in the interests of the countries of Western

Europe to think of a reduction of tariffs, for, indeed our dependence on aid from those countries would be diminished if we could trade more freely.

We do not want to depend upon aid if we can trade with those countries and export more. In fact, part of the great demand and the need for aid springs from the policies pursued by mature countries. The higher the import tariffs in advanced countries, the greater is the need for aid for primary producing countries. This has to be stressed, and I am glad to find an inkling of this problem was given expression to in the recent conference on GATT held only about seven or eight months ago. I wish the Minister would give an opportunity to the House to have a full and comprehensive debate on GATT which certainly would help us to clarify our standpoint on some of these issues. Certainly, it would be cheaper from the point of view of the countries of Western Europe some of whom have been generous in their aid if only they could think of lowering their tariffs in respect of goods imported into their countries from India.

Let me now consider the position in South East Asia. We have to face—and this is a hard fact which will have to be faced by the Government though their spokesmen may not wish to mention it—dumping by China in these markets. It only makes it all the more imperative that we should create the climate of general export consciousness. In one sense, our position is comparable to that of the United Kingdom immediately after the war and to that of Japan today. But in the case of the United Kingdom, they had traditional, established markets. We, on the other hand, have to start from scratch, as it were, and that is what makes the task more arduous.

But what is disturbing is that export promotion is considered to be only one of the aims of policy, there is little realisation of the fact that failure to increase our exports appreciably within the next three or four

years will mean either a grinding halt to the process of development or will make us entirely dependent on resources from abroad. Neither prospect is one which can be viewed with equanimity.

In order to promote exports, there are certain propositions of policy which I think must commend themselves to the Government and to others who have given thought to this great question. Firstly, if exports are to be the primary aim, we cannot afford to worry unduly over the consequences of exports on internal prices. Indeed, the only time for us to worry over internal prices would be when a rise in domestic prices reduces appreciably the margin of profits in respect of exports. It is this rather than a sensitive concern for the consumers that should always dominate our policy.

Secondly, in appropriate cases we should even allow exports at a loss and make good the loss by a slight increase in domestic prices. For instance, there is a good case for levying a kind of export cess of about one to one and a half per cent on all internal purchases of certain consumer goods and even internationally traded goods. The proceeds of the cess can be used effectively to promote market surveys and even cover losses arising from exporting at competitive prices.

Thirdly, our production programmes in the field of agriculture will have to be more realistic. My hon friends are interested in advertising to the achievements of the Planning Commission. I have a different appreciation of the Planning Commission's approach. That reactionary body—with great deference to my friends—has not understood the full implication of developmental programmes in our country. The second Plan, for instance, puts the target for the production of oil-seeds at around seven million tons, presumably on the basis of likely increases in domestic consumption and allowing for more or less the same level of exports. It would be desirable, and in the social interests, to increase our production

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of oil-seeds not only to cater to the increased internal demand but also to capture a larger share of the expanding world trade in oil-seeds.

I have referred only to some factors in this situation. But I realise that there are other steps which also can be taken and which would be most desirable if they are taken very quickly. Sometimes one wonders whether we are going to take steps in time. And often the steps are not taken in season and when they are taken they are too late. Let us also realise that above all we should not delude ourselves into the belief that by changing the institutional arrangements, or framework for trading, we can succeed in expanding trade.

To suggest a co-operative framework or a state trading corporation may very well be good as a slogan, but from the point of view of achieving something the result would be nothing, if not negative. It is a factor which we will have to take into account. What is most important is to deal with the incentives towards expansion of exports, probably taking into account our present institutional pattern itself, and attempt to improve on it and to find out how far it should be amended in order to meet the greater developmental needs of our country. By utilising the existing institutions and by adapting them to the needs of a more dynamic economy by providing incentives, we can achieve more and promote more exports which will furnish us with the wherewithal to embark on larger and more rational regional developmental programmes.

There have been many issues raised by my hon. friend, Shri Morarka, relating to State Trading Corporation. But as I have pointed out to my hon. friend, the Commerce and Industry Minister, I shall not speak on State Trading Corporation today for an excellent reason. I am awaiting the second report of the State Trading Corporation in another two or three days and I do hope that the hon.

Minister, when he presents this report, in view of the many observations that have been made on that body, will give us a full and free opportunity for discussing the many implications of the State Trading Corporation's policy I should not wish to prejudge its achievements. But sometimes, and I say it without wishing to cast any reflections on that body, the very idea of having quotas has helped the State Trading Corporation to earn a certain amount of commission and probably add to the cost of exports. I am not going into it at any length today, but I do think that the time has come when we should review all these policies. The State Trading Corporation is a means to an end and not an end in itself. Sometimes institutions which are started acquire such a peculiar love for their existence and expansion of their empire that the larger interests of the country are forgotten or possibly ignored.

There are other issues relating to regional development. But as the time is short, I cannot possibly go into it. One thing I wish to explain to my hon. friend, Shri Manubhai Shah. This argument of efficiency that has been trotted out too often is something which can be over-worked. We know what this efficiency means. If he wants to know what the economic arguments and the justification for different types of industries are, he might brush up his knowledge of history may perhaps do a certain amount of good. Indeed, the report of the Economic Commission of Europe in 1955 has certain illuminating chapters on the need for regional development and for the increase in per capita income being more fairly shared between different regions. Ministers also must find time, if not to read our speeches, at least to read such valuable documents and I hope my hon. friend will do so.

Mr. Deputy-Speaker: The following are the selected cut motions relating to the Demands under the Ministry of Commerce and Industry which will be treated as having been

moved subject to their being admissible:—

Demand No.	No. of Cut Motion
1.	2018 (Disapproval of Policy) 2019 (Disapproval of Policy) 2020 (Disapproval of Policy) 2021 (Disapproval of Policy) 1986, 1987, 1988, 2000, 2001, 2002, 2003, 2028, 2029, 2030, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041.
2.	1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2022, 2023, 2024, 2025, 2026, 2027, 2031, 2032, 2033, 2042, 2043, 2044, 2045,
5.	1977, 1997, 1998, 2015, 2016 2017.

Faulty Import Licensing Policy

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced to Re. 1".

Failure to industrialise backward States

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced to Re. 1".

Failure of the State Trading Corporation to expand its activities

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced to Re. 1".

Failure to explore world markets for export of Tea

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced to Re. 1".

Failure to do away with the disparities in levels of development between different regions of the country.

Shri Jadhav: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100".

Failure in preventing private monopolies and the concentration of economic power in different fields in the hands of a small number of individuals

Shri Jadhav: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100."

Failure to provide facilities to train managerial staff for the cotton textile sector

Shri Jadhav: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100."

Need for publicity in regional languages and simplification of the metric system of weights

Shri Assar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100."

Need to use easy names in Hindi instead of English for the Metric Weights

Shri Assar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100."

Administration of State Trading Corporation

Shri Assar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100."

Need to give adequate and immediate facilities to exporters

Shri Assar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100."

Delay in granting licence to Bharat Electronics Ltd., for manufacture of radio valves

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100"

Working of the Institute of Chartered Accountants

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100"

Working of the Institute of Cost and Works Accountants

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100"

Working of the State Trading Corporation

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100"

Need to explore the possibilities of exporting tea to markets other than conventional markets

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100"

Functioning of Small Scale Industries Board

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100."

Defects in administration of the Companies Act

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100."

Management All India Handloom of Board

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs. 100."

Working of the All India Handicraft Board

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100."

Effect of total ban on the import of watches

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100."

Land Custom policy

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Ministry of Commerce and Industry' be reduced by Rs 100"

Failure to collect complete statistical and other data regarding small scale and cottage industries in India

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs 100"

Reduction in allocation for village industries

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs 100"

Productivity of the village artisans

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to give priority to the development of cottage industries

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to achieve sectoral harmony by adjustment between the price of industrial raw material and those of manufactured commodities

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Management and production of Sindri Fertilisers and Chemical Factory

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to nationalise all the key industries of India

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to reorganise all the existing industries in the public sector on co-operative basis with the workers

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to organise and establish small and cottage industries service institutes in every district

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to organise and ensure the marketing of the products of cottage industries

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

90 L.SD.—7

Need to provide easy loan for the village artisans

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to give adequate incentive and impetus to shellac and cutlery industries

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Export position of India

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to implement the programme of Amber Charkha

Shri Jadhav: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to set up an Industrial Estate at Malegaon in the district of Nasik, Bombay State

Shri Jadhav: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure in not providing facilities for coaching to the weavers to learn how to produce Jartar and to plate the same by gold by chemical processes or other methods

Shri Jadhav: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure in not providing proper machinery to check the production of cloth by the various mills

Shri Jadhav: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to provide adequate number of powerlooms to meet the growing demand for the same during the second plan period

Shri Jadhav: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to nationalise the textile industry

Shri Jadhav: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to readjust the quota for production of cloth by various sectors of the cotton textile industry

Shri Jadhav: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to increase the number of fertilizer factories

Shri Jadhav: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to encourage the development of cottage industries

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Management of Pimpri Penicillin Factory

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to organise and establish small scale and cottage industries service institute in every district

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to organise and ensure the marketing of the products of cottage and small scale industries

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to provide easy and immediate loans and machinery to small scale industries co-operative societies

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to set up an industrial estate in Ratnagiri District of Bombay State

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to construct a paper mill in Ratnagiri District of Bombay State

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to give adequate loans to weavers of Ratnagiri District to replace their old handlooms

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to supply powerlooms to weavers' co-operative societies of Ratnagiri District

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need for decentralisation of Industries

Shri Assar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to develop small scale industries in Ratnagiri District of Bombay State

Shri Ambar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to include non-official member in the Committee appointed for assessing the progress of automobile industry

Shri Nagi Reddy: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to include in the terms of reference of the Committee appointed for automobile industry, the working of these companies and the increase in the prices of automobiles

Shri Nagi Reddy: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to plan for the development of industrially backward States as recommended by the States Re-organisation Commission

Shri Nagi Reddy: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to help the handloom weavers outside the co-operative field

Shri Nagi Reddy: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to check the increase in the prices of dyes and art silk yarn for the handloom weavers

Shri Nagi Reddy: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Undesirability of giving licence for increased production of toilet and cosmetic goods by the international monopolies in India to the detriment of indigenous industry

Shri Nagi Reddy: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Need to provide more assistance for small scale industries in West Bengal

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to establish foundry in the Hindustan Machine Tool Factory, Bangalore

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Working of the Hindustan Insecticides (Private) Ltd.

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure of the National Small Industries Corporation to serve its purpose

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Working of the National Instruments (Private) Ltd., Calcutta

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Working of the Hindustan Cables (Private) Ltd., West Bengal

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Failure to establish industrial units in the under-developed States

Shri Prabhat Kar: I beg to move:

"That the demand under the head 'Industries' be reduced by Rs. 100."

Expenditure on India—1958 Exhibition

Shri B. Das Gupta: I beg to move:

"That the demand under the head 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry' be reduced by Rs. 100."

Failure to take into account the local needs of the ground-nut oil cakes while exporting the same

Shri Jadhav: I beg to move:

"That the demand under the head 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry' be reduced by Rs. 100."

Need to give weightage to the co-operatives of the agriculturist for export of onions

Shri Jadhav: I beg to move:

"That the demand under the head 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry' be reduced by Rs. 100."

Need to step up export of groundnut oil cakes

Shri Assar: I beg to move:

"That the demand under the head 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry' be reduced by Rs. 100."

Need to develop export of spices and other eatables

Shri Assar: I beg to move:

"That the demand under the head 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry' be reduced by Rs. 100."

Heavy expenditure incurred on the construction work of 'India 1958' Exhibition

Shri Assar: I beg to move:

"That the demand under the head 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry' be reduced by Rs. 100."

Mr. Deputy-Speaker: These cut motions are now before the House.

Shri Rameshwar Tanti (Sikar). Mr. Deputy-Speaker, Sir, I want to speak on two commodities which are very important for our country as foreign exchange earners, viz., tea and jute. Out of Rs. 560 crores which we earn through exports, we earn Rs. 137 crores by tea and about Rs. 108 crores by jute.

About two years ago, the tea industry, specially the common tea which is grown in Cachar, Terai and Douars areas, was in trouble. Representations were made to the Commerce and Industry Ministry and I am glad to say that they took immediate action. To some extent, those gardens which were in trouble were saved, but the saving is not enough; they are just breathing.

But a new competition is coming from East Africa, Indonesia and much more from China. We have to be ready to meet that competition, because our cost of production is so high that in the foreign markets the buyers would not be prepared to buy from us at such high cost. There are five taxes levied on tea. Firstly, when it is grown, there is a rate tax of one anna per lb. Then, there is excise duty and when tea enters Bengal for export, there is an entry tax of 1 anna per lb. Then, there is export duty and export cess. Thus, there are five taxes on this industry, which bring Rs. 140 crores of foreign exchange, i.e., about one-fourth of the total foreign exchange earning.

At present, the tea price is about Rs. 1-10-0 per lb. of common tea. In London, teas from East Africa are selling at about Rs. 1-14-0, while our

tea, after paying all these taxes, is selling at about Rs. 2-6-0 there. So, our price is 8 annas more. So, if we lose this market for this very essential commodity, it will be very difficult for us. There are two types of tea, good tea and common tea. About the good tea grown in Darjeeling in Upper Assam, which only India grows, there is no difficulty. But the other tea, the common tea, should be taken care of by the Ministry. Of course, I do not blame the Ministry; they had to make some adjustment with the Finance Ministry or something like that. I do not know what happened, but the position was so bad that last year, all these gardens lost heavily, with the result that 11 gardens are closed today in Cachar, throwing about 17,000 labourers out of employment.

The Minister of Commerce (Shri Kanungo): It was only for 45 days—the off season.

Shri Rameshwar Tanti: It may be 45 days, but that is not a good sign. It may become 300 days. Why should such a key industry be closed? I think the Assam Government approached the Central Government that they should be given power to take suitable action, if some gardens are mismanaged or something like that, just as other State Governments have for dealing with textile mills, etc. If some gardens are mismanaged for various reasons, the Government should have power to take them over or to take other measures so that they may not be closed. Tea is the first and foremost commodity earning foreign exchange. But fertiliser, which is a very necessary thing to be put in the tea gardens, was not given to the tea industry to its full quota. This year the tea gardens have purchased at high prices the fertiliser which has been given to the agriculturists for agricultural purposes. I think the Government was approached regarding this, but nothing has been done for that. In the tea industry some units are making reasonable and good profits,

but some units are in trouble. So, more attention should be given to them.

Jute is the next best foreign exchange earner. Before partition, we were producing 30 lakh bales of jute. Our target for the second Five Year plan was to make it 60 lakh bales. But with the extensive propaganda of the Food and Agriculture Ministry and because of some cultivators who came from Pakistan side, who were very efficient, our jute production went up to 70 lakh bales that year—about 68 lakh to 70 lakh—which is more than our target. What happened? Instead of being rewarded because they have grown more, because they have made the country self-sufficient, or more than self-sufficient, Government have ignored their cause with the result that the price came down to such a low level to which it had never gone in the history of the last 20 years. Whereas the prices of other daily necessities like mustard oil and food-grains have gone up, the price of jute has gone down. Lots of representations were made to the Commerce and Industry Ministry during the last eight months, especially in October/November when the prices came down so low, and the Ministry always said they will buy jute or export jute. But what has happened? After six months the same price is prevailing. At that time it was about Rs. 21.25 nP. Today it is about Rs. 20.25 nP. Once it went up but again it has gone down to such an extent. What efforts have the Ministry made in this direction? I do not know what has happened.

An announcement was made in this House some time ago that jute exports will be allowed to some extent, and I think some sales were made to the foreign countries after twelve years. People were happy that after twelve years "we are in a position to export jute again". But what happened? The export went down and we could not meet our commitment for three months. And what has been the result? Here I am going to read two letters which are very important.

[Shri Rameshwar Tantia]

One letter says:

'Indian jute. It is a good mess. The Government has acted unwisely. Pak people are laughing. It would have been much better if the whole position would have been cleared before entering into contracts. The confidence of buyers on this side is lost in Indian jute and it will take a long time before the Indian Shippers will be able to get free orders. I entirely agree with you that with Duty @ Rs. 15 a bale business on this side will be impossible and Indian Jute will be dearer than Pak Jute. The object of the Indian Government will not be served either as there will be hardly any export and/or foreign exchange earnings.'

This is one letter. Another letter says (and it is from a big European Company):

"We do however sincerely trust that the Indian authorities will realise the seriousness of the position, and at the same time also realise how Pakistan must be laughing up their sleeve at the inefficiency of the Indian Authorities at a time when they are trying to compete with Pakistan. Also you must realise that this Ambiguous state of affairs regarding the export of Indian Jute will naturally prejudice further business later on in Indian Jute, especially at a time when there are no delays in shipments whatsoever from Pakistan."

As Dr. Krishnaswami has said, we should even lift the duty. The duty on the export of jute was imposed twelve years ago, at the rate of Rs. 15 per bale when India and Pakistan were one. Now the position has changed. Now it is a time when the Commerce and Industry Ministry is trying their best, the State Trading Corporation is trying their best, to push up the exports. At such a time there is no jus-

tification for any export duty. We are selling sugar at Rs. 15 a maund when our production cost is about Rs. 23. We are selling cement @Rs. 40 per ton when our production cost is much higher. If only we had removed the export duty on raw jute we could have easily got Rs. 2 crores. If, according to the representations made by the M.L.As and M.P.s, the Government allowed the export of two lakh bales—there is a surplus of 4-5 lakhs bales and even the Indian Jute Mills have agreed that there is a surplus—we could have earned some foreign exchange. I do not know what the difficulties were which stood in the way of doing this. It might have been from the Finance Ministry. Because, as the Commerce and Industry Minister has started, the duty and imposition of duty rests with the Finance Ministry. Here, on the one side, we are losing because of the duty. On the other side, we are trying to have more foreign exchange by selling our commodities at 50 per cent of the cost. Here in the case of jute we can sell it at a reasonable price. It would also give relief to the cultivators. But, on account of a small duty which was imposed 12 or 15 years ago, we are losing foreign exchange, because we cannot export jute, and the price has gone down with the result that the cultivators are suffering, as also the traders. I do not know whether it is the Finance Ministry or obstacles Ministry; excuse me for saying obstacles Ministry. The Commerce and Industry Ministry is trying to find out whether they can get markets and what things they can sell.

I do not know how the Finance Ministry can impose such a thing that it cannot go. Then what is the use of incurring so much expenditure on our Export Promotion Council and all these things? This is an important thing. All this jute which is surplus here should be sent anyway before June so that we can get a secured better crop next year and the cultivators get a reasonable price. We will also have some name as these letters

have shown that just now we have lost our good name which we had.

Regarding this, where is the difficulty? Why can we not do what we want? Only because there is a big organisation behind it? Before partition, there was the Bengal Chamber of Commerce. Some of my hon. friends who come from Bengal or Assam know that that institution or whatever it is was the real ruler of Bengal. Now it has changed to the Indian Chamber of Commerce or whatever you may call it. The personnel are changed a little bit or the name is changed, but still I will say that they have the same power if not more. They have got good representation. They can keep big officers, by paying a very high salary, from among retired I.C.S. officers or others. They come here and can have an interview within five minutes wherever they want and can put their case in the right way. But the cultivator and the jute grower have not got the same representation. They cannot keep big people to come here and represent their case.

About 200 Bihar MLA's as well as hon. Members of this Parliament, both that side and this side, have sent a representation to the hon. Prime Minister. All of us have said many times about the jute crisis but up to this time nothing has been done. The hon. Minister has said that the State Trading Corporation will buy jute. People welcomed it. It was a very good gesture. But what the State Trading Corporation did was that they bought during these three months only about 50,000 maunds of jute. The jute crop is 3,50,00,000 maunds and the surplus is about 40 lakh maunds. So, after this big announcement they bought 50,000 maunds. What did they do with that? Out of that quantity they insisted on half being sold to those people who could enter into contracts with foreign countries. They said that this jute must go to those people at Rs. 3 higher than the market price. That means at Rs. 23/8 per maund against the price of

Rs. 20/8 per maund. I cannot understand how this measure can improve the jute position.

Again, the State Trading Corporation are not at fault. They have got their limitations. If the exports would have been more as they wanted it—they tried their best—they would have bought more jute and people who have to pay Rs. 23/8 or whatever it is would have been quite happy. But on account of the difficulties or the reasons that I mentioned to you—I do not know from which Ministry it came, but it came—the export could not be made. Some sales were made. Thanks to the State Trading Corporation or to the Commerce and Industry Ministry that despite big difficulties they made some arrangements that those small things could go. But I will again request the hon. Commerce and Industry Minister that something should be done at least about the surplus jute which is lying in parts of Bihar and Bengal, in Calcutta and everywhere, so that we can save the cultivator definitely. They have to sell their jute at Rs. 14 per maund.

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

Shri Rameshwar Tanti: I will take another two minutes.

They have to sell jute at Rs. 14 a maund and they have to buy rice at Rs. 23 a maund, mustard oil at Rs. 80 a ton. Before this, they were selling jute at Rs. 23 a maund and were getting rice at Rs. 14 or Rs. 15 a maund. Just the reverse. The Commerce and Industry Ministry manage so many big industries and so many things. They are considered as one of the most efficient Ministries. We get so much good material from them which is printed very well. But in the case of jute what is wrong? Whether it is that we cannot represent our case in a right way or whether the opposite party, that is, the Indian Jute Mills Association are very strong. I do not know. But something

[Shri Rameshwar Tantia]

is there and I will say that justice is not being done to the jute cultivators and traders.

So, again I will say that these two things, tea and jute, which are the bes. foreign exchange earners should be given more consideration because we want foreign exchange. That is our first consideration just now and the Government and the hon. Commerce and Industry Minister should do something for them. If there is difficulty from the Finance Ministry, something should be done. They should approach the Finance Ministry strongly and say that this is the position, and, therefore, the export duty is not advisable. I think there must be some link with the Finance Ministry in order that the latter may listen to what this Ministry says, because it is the duty of this Ministry and it is the look-out of this Ministry to find out new markets for our commodities and to bring more money into the country. So, I say that something must be done very early, and before June; and a more reasonable price should be assured to the jute cultivator.

Shri P. R. Ramakrishnan (Pollachi): At the outset, permit me, on behalf of the Madras Government, the handloom industry and textile industry of the South, to thank the hon. Minister of Commerce and Industry for the expeditious action he has taken in granting the two-anna rebate, when the industry was facing a crisis of accumulated stock of nearly Rs. 4 crores. The situation then was very critical. It called for a patient and intelligent appraisal and sympathetic understanding of the situation. The readiness with which the hon. Minister of Commerce and Industry agreed to the suggestion of the Chief Minister of Madras averted a big crisis. I would like to take this opportunity to express and place on record our grateful appreciation and thanks.

I would like to make some broad observations on the industrial struc-

ture of the country. The hon. Minister would agree with me that our industrialisation should be based, and should proceed on some healthy principles. Our industries must operate with greater efficiency in the use of their resources to meet the needs of the people. The rate of economic growth should not be unduly accelerated so as to cause stresses and strains in the economy. There must be reasonable stability in our business activity and employment. And in the order of priorities, there should be harmony between different industrial groups. Lastly, there must be equity in the national economy in relation to the development of the economies of the different States in the Union.

I would like to point out that the fundamental basis on which industrialisation should proceed must be that industry must be competitive and must remain competitive. Otherwise, in the democratic set-up, we could not industrialise on a healthy basis.

There are certain reasons why industries become non-competitive and uneconomic. There is creeping-in of obsolescence in plant and equipment and in processes. There is uneconomic utilisation of by-products of industries. Substitution of products sometimes makes the demand for the products of certain industries decline so rapidly as to cause closure. There is also over-capitalisation of industries, and non-economic location of industrial plants, and lastly, the resistance and unwillingness of labour to accept increased workloads as a result of modernisation and better working conditions.

Industries become non-competitive because in the post structure, labour costs have increased tremendously without any increase in production. It has been pointed out, and the hon. Minister is aware, that the textile industry had lost its competitive nature

not only with respect to the industries that exist outside this country but also with respect to the industries that exist internally. Something must be done in an expeditious way to help this industry to modernise. In proceeding with modernisation, there will be a temporary disturbance in the employment structure, because today, with the development of technology, muscle power is bound to be replaced by mechanical labour; we cannot neglect this fact. This must be done because I feel that if it is expeditiously replaced, it will only lead to more employment, better standard of living and more stability in the employment structure.

There are other industries which I would like to point out have become non-competitive with respect to each other in the jute industry, fortunately, modernisation has proceeded at a much quicker pace than in the textile industry.

Today, our sugar industry has become uneconomical and non-competitive because of locational difficulties. A large portion of our sugar industry today is located in areas where the per acre yield of sugarcane is as low as 10 or 15 tons where the recovery is as low as 7.5, 8 or 9 per cent. The sugar industry is also located in areas like the Deccan and the South where the per acre yield of sugarcane is as much as 40, 50 or 60 tons, and where the recovery is as much as 10, 11 or 12 and sometimes 13 per cent. I wish to point out that because of this locational difficulty the industry has become uneconomic with respect to itself in the country.

I would also like to point out that the Gangetic plain is the most fertile area for the growing of rice, and I am sure it could some day become the rice bowl of this country, if economic utilisation of crop and land is given enough consideration in our economic development.

There has been substantial development in the technique of production

of cement. Now with the introduction of heat exchangers and Fuller coolers, there can be a substantial saving in fuel; as much as 30 per cent of fuel can be saved in the production of cement, which is not an inconsiderable amount especially for an industry which is located in the southern part of India where the haulage of fuel costs so much. I suggest therefore that expeditious action be taken to replace the obsolete machinery that exists in the country by modern equipment, so that we can bring down the cost of production.

I made two suggestions two years ago which have been implemented by the Ministry, and I would like to take this opportunity to congratulate the hon. Minister of Industries for implementing them.

I advocated then that the oil cakes which are today being used as nitrogenous fertilisers should be exported. I understand that negotiations are proceeding to export 200,000 tons of oil cakes from this country. I only suggest that the proceeds from the sale of these oil cakes be utilised to import inorganic nitrogenous fertilisers.

I understand also that 600,000 tons of oilcakes are being used as nitrogenous fertiliser which should be entirely exported, because in the inorganic fertiliser the unit price of nitrogen works out to about a fifth or sixth of the unit price for nitrogen in ground nut cake. So, we can get as much as a million tons of inorganic nitrogenous fertiliser, which in terms of food will be 3 million tons, and in terms of foreign exchange about Rs. 150 crores.

In the sugar industry there has been uneconomic utilisation of by-products. Today we are short of timber, we are short of pulp. We can use bagasse for the production of pulp which could be used for the production of paper, hard boards and soft boards.

I beg to point out that this is also a very important base for the production of furfural which is the base

[Shri P. R. Ramakrishnan]

for nylon. The other raw material, molasses, is an organic raw material which is of very high monetary value. Today molasses is being used for the production of power alcohol which is being mixed with petrol and used as fuel. It could be effectively used for the production of synthetic rubber, acetone and other bye-products which are of very high monetary value.

There is another suggestion I made—about solvent extraction. I hear from the Ministry that now a consortium has been formed for the production of solvent extraction plants in the country. Today our cotton seed is being used as cattle feed in the country. By delinting cotton, we can produce an important raw material for production of pulp for our synthetic fibre plants and also by crushing it we can get as much as 200,000 tons of oil which is valued at Rs 20 crores. As the hon. House knows, our food is very deficient in fats, and I am sure this would be a welcome addition to our food products.

There is another industry which has been given some prominence, but I do feel that more prominence could have been given and should be given to it. I am referring to the machine building industry in the country. We are very short of foreign exchange. If we could establish sufficient capacity in the machine building industry in the Second Plan period itself, probably we could start the Third Five Year Plan with very little import by way of capital goods. I feel that the Development Can Fund, the TCM funds and also the funds available from other countries as loans could be used for the development of this machine building industry.

I would like to take this opportunity to congratulate the hon. Minister of Industry on bringing into existence the consortium of machine builders in the sugar industry. Now there are two consortia which, I understand, will bring into existence before the end of the Second Plan period 11 sugar

factories at saving of Rs. 50 lakhs per plant I would like to sound a note of warning in forming consortiums. The consortiums could also probably create a monopolistic price structure. I would suggest to the hon. Minister that he should not form only one consortium; at least two or three or four consortiums should be formed for the building up in one industry of the machine building industry and on a regional basis so as to effect economy in transport and also avoid monopolistic tendencies by way of exerting pressure on the consuming industry itself.

Today there is reluctance on the part of many foreigners to collaborate in the establishment of the machine building industry in the country. This machine building industry cannot come into existence all of a sudden. It is an industry that has come into existence in other countries after many years of development and experimentation. For this industry to come into existence here, we need many foreign firms to collaborate with us. But there are difficulties in foreign collaboration. Some of them have been removed. For instance, there were many complaints about double taxation. Now we have successfully negotiated with many countries like Sweden, Switzerland and Germany in relief measures of double taxation. I understand negotiations are also proceeding with other countries for the same purpose. Some of the established importers in this country are standing in the way of collaboration in this respect. They are persuading foreign machine building industries which are supplying capital goods not to enter into collaboration agreements with Indian manufacturers, with the view to continue to import this machinery into the country. I think the Ministry should take the initiative to tell them that by a certain time no capital goods of that particular industry will be allowed to be imported into this country. I am sure by this action there will be expeditious development of the machine

building industry in the country. I feel sure that with the guidance of our hon. Minister for Commerce and Industry who is noted for his integrity and honesty and for his broad-mindedness, the country will be on the way to industrialisation.

Shri Kamal Singh (Buxar): Mr. Deputy-Speaker, in both commerce and industry we are lagging far behind and much greater work is required. Even with our enormous resources and man-power, we stand no competition with countries like Japan and China and in the world market today we have been relegated very much to a third rate position regarding our textile trade. The Ministry of Commerce and Industry, I am glad to say, are alive to the situation and a word of praise would not be out of place. The hon. Minister though short in stature rise above his height. My hon. friend, Shri Manubhai Shah, has always been trying to give full satisfaction to the House and has volumes of statistics and information at his finger tips. I have similar sentiments for my hon. friend, the Minister of Commerce, Shri Kanungo and Shri Satish Chandra. Nevertheless, although we have progressed sufficiently in so far industry is concerned, much greater effort is required and a special emphasis on quality is necessary. I would like to confine myself to small-scale industries. From the report on this Ministry, I see that it is proposed to improve on the existing set up of the small-scale industry. The organisation at the moment consists of the following: four regional Small Industries, Service Institutes, 12 Major Institutes, 2 Branch Institutes and 52 extension centres. "It has now been decided to do away with regional organisations and to bring all regional and major institutes in the various States on par so that there would be 15 institutes in all one for each State, including Delhi which will function directly under the Development Commissioner of Small Industries, Delhi". This measure is very welcome because when there is one institute for each State directly under the Development

Commissioner, it will avoid a lot of overlapping and confusion which has been there and I feel it will promote the cause of giving help to small industrialists. I had occasion to visit the service institute at Okhla and while I found that the institute was doing a very good bit of work I also discovered that this institute at Delhi happened to be the only institute of its kind—I mean the way it was functioning. The other institutes at Bombay or Patna or anywhere else were not giving the same kind of service as is given at Delhi. I hope that with this reorganisation the service that is imparted by the institute at Delhi would also be imparted in other places and in other States. While looking round the institute, I was shown different kinds of mobile vans which operate for carpentry, blacksmithy, and other things. This is a very good thing because it educates small technicians and brings home to the village the means and ideas of setting up power driven small concerns. But I felt that while the mobile vans are being kept and sent round, possibly it was a bit premature and it would have been better if we had concentrated on providing better service in the shape of schemes and other ideas at the institute itself.

Secondly, Sir, I felt that this service institute, like, I suppose, other service institutes, while it was giving assistance to the industrial estate to which it is attached was not in a position to promote or help in the installation of a work-shop. I feel that a central workshop would go a long way to help the industrial estates, the different small factories that are in the premises. It was, I believe, not very practical, but it is something which could be looked into and provided, because a central workshop will eliminate other small industrialists from owning lathes and other machine tools and also from employing several die-fitters and lathe-men.

In this connection, I would also like to mention that in our country there

[Shri Kamal Singh]

are very few concerns which make tools and die. Actually, I think, we can even count them on our fingers. When a small industrialist or an ordinary person ventures to set up an industry on a small scale, it is difficult for him to employ so many defitters and also own lathes and milling machines. If the Ministry could possibly explore into the possibility of promoting such die or tool making concerns, it would be good idea.

While visiting the Okhla institute I had occasion also to go round the industrial estate, and I found that it was fully occupied. There was a very great and pressing demand for expansion and for more buildings. I do not think it is hidden from this House and from my brother Members here, what great facility this industrial estate offers to small industries. There is cheap electric power, and water, means of communication are there in the sense that railway sidings are close by, there is the watch and ward and so on. The most important advantage is that small industries in the estate are located near one another, and there is a sort of complementary arrangement whereby they can better utilise the goods and services of each other. On going through the various reports which have been supplied by the Ministry, I find that the cost of a large Industrial Estate as planned out in the Second Five-Year Plan would be Rs. 40 to Rs. 50 lakhs. I speak subject to correction. The cost of a small industrial estate comes to Rs. 20 to Rs. 25 lakhs. The responsibility for construction rests with the State Government but the Central Government would advance the entire cost of the estate in the shape of loans.

But regarding the progress made so far, I am sorry to find that the progress has not been as good as we had expected. I find from the reports of this Ministry that "110 industrial estates have been

planned during the Second Five-Year Plan. 72 industrial estates costing about Rs. 9.8 crores have been sanctioned by the end of September, 1958. Out of this only 17 estates have been completed".

A later report says 20 estates have been completed up to date. Out of 645 sheds constructed, 425 have been occupied by small scale industrial units. Land has been acquired on 20 estates and construction work would be started soon. Even if the tempo of construction work would increase in the last two years of the Plan still I do not think that the target fixed will be fulfilled at the end of the term. I would like to say that greater effort would be necessary to complete this target.

It is my opinion that the Central Government should take over the entire responsibility for acquisition of land and construction of these buildings. I request that the suggestion may be considered.

I would like to say something regarding the promotion of industries in agricultural areas. Pressure on land is more in such areas. We find that we have dearth of industries there. In Bihar, concentration of industries happens to be mostly in the hilly areas, especially in Chota Nagpur. The concentration of population is in North Bihar and in areas which are not covered by hills in South Bihar I feel we should take steps to promote industries, especially when we consider the question of up industrial estates and promoting small scale industries in such cases. That will be of great help to agriculturists and would relieve the pressure on land.

Regarding power needed for the development of industries, I would like to say something. We are depending on the Barauni thermal plant in North Bihar which will take years to come. Unless that thermal plant

is put up, we cannot expect very much progress in the matter of industrial development in that region. I think the Ministry should use their good offices in emphasising the need for the expeditious setting up of a thermal plant at Barauni. As regards South Bihar, it is depending on the DVC. The hon. Minister will be aware that DVC has not been able to supply the power requirements of South Bihar, to all the parts as it was expected and according to demand.

Shri T. B. Vittal Rao (Khammam): The position is like that because they are supplying to Tatas.

Shri Kamal Singh: Maybe so.

17 hrs.

The demand far exceeds the supply position, and this has created greater complications. I would like to mention the case of a cold storage plant which was proposed to be set up in Dhanapur by someone. If fell within the jurisdiction of the Patna Electric Company. The Bihar State Electricity Board could not do anything in the matter. The result is that because of the shortage of supply this cold storage plant could not be set up.

In this connection, I would like to say that there is one school of thought that advocates that according to our present demands and in view of the progress required, there should be one thermal plant for every 10 lakhs or 15 lakhs of population, apart from the multi-purpose schemes that we have. I think my hon. friend Shri Manubhai Shah also advocates this view. But it may take us years to fulfil this dream. On the other hand, in South Bihar, in the division of Patna, there is a scheme to have the Sone Barrage scheme costing Rs. 13 crores which incorporates a hydro-electric plant. If that scheme is sanctioned and implemented, we could generate up to 13,000 kilowatts which could at least look after the division of Patna which is an agricultural area. It would greatly help us in our

venture to promote industries, especially small-scale industries, there.

I would humbly submit to the Ministry that they might use their good offices in this case also and get this scheme sanctioned and implemented. With these words, I close.

Shri Rajeshwar Patel (Hajipur): Mr. Deputy-Speaker, Sir, I am grateful to you for permitting me to participate in the present debate. The Ministry whose Grants we are discussing today holds a very important place in the industrial development of this country. It has rightly been emphasized by hon. Members preceding me that probably all that is necessary is not being done. I can appreciate that anxiety, but if they keep in view the limited resources at the disposal of this Ministry they will certainly appreciate that in the totality of our industrial development this Ministry has acquitted itself sufficiently and fairly creditably.

One feature that is bound to strike any objective person is the balanced attitude that this Ministry keeps towards the public and the private sectors. It has tried its best, in short, to implement the industrial policy as enunciated in 1948 and 1956. The activities of this Ministry are so varied that it would take all the time at my disposal—it is only a short time—to recount the successes and failures of individual projects. I would, therefore, confine my remarks to only one industry and that is the automobile industry. Hon. Members in this House in the past have put some questions. I was really pained the other day when a question was put to the Minister and the reply given was that the high price obtaining—some Members characterized it as the black-market price—was more or less because some of the consumers who purchase cars retransfer them at a higher price. I do not know what led the hon. Minister to make these remarks, because the Defence Ministry has ultimately been forced to take to a revolutionary scheme of manufacturing

[Shri Rajeshwar Patel]

its transport requirements because of the excessive prices charged by the sharks in the industrial sector. I do not know how to reconcile the two attitudes. On the one hand the Minister tells us that it is the consumers who are to blame; on the other hand, the biggest consumer, the Defence Ministry, feels that the industry is not behaving very rightly.

With this preliminary remark explaining how my interest was aroused in this subject—I would like this Ministry to consider carefully what it can do to help this industry. As we all know, this is a very highly complicated industry and it was not without any reason that before 1942, in this country no industrialist came forward to try his hand at manufacturing a full car, though, if I remember aright, in 1928 I did come across what was purported to be a hundred per cent. Indian manufactured car and that was put in the exhibition of the Calcutta Congress. I do not know what percentage of it was India and what was imported. Anyway, the claim was made then, but no serious effort was ever made in this country to manufacture a complete car and I think for very good reasons.

It must be said to the credit of the Hindustan Motors, who were very agile and they were the first to have foreseen the possibilities of this industry, in this country. They floated a company in 1942 with a full programme of manufacturing a hundred per cent. Indian car. During the war and soon after, when money was easy, they could easily find subscribers and raise a good amount of money. Unfortunately, because of the very defective and ambitious nature of their scheme to manufacture all kinds of cars under one roof, a feat which has not been attempted even in highly industrialised countries; the Hindustan Motors attempted not only to manufacture a medium-sized car, but also wanted at the same time to manufacture a baby car, a big car

and trucks. Even in the most industrialised country, America, which produces the largest number of cars, we find that they have also come to decide, by experience, upon a few varieties and models of cars only, for one particular industry. They do not have programme to manufacture more than two varieties at the most; generally it is one. America specialises only in the production of big cars, whereas England, because of the conditions prevailing there, because England does not produce any petrol and as their standard of living, compared to what is obtaining in America, is certainly lower, because of their national requirements, decided upon a smaller car. So they generally specialised in smaller cars only. On the Continent 3 or 4 important countries manufacture automobiles. They have more or less one brand, one general brand for their own country. In Germany, as you all know, they have a very popular model called Volks Wagon, which even today does not cost the workers and the lower middle class people who go in for these cars more than what a clerk has to pay for a scooter in Delhi.

This industry, as I said, is a very complicated one, complicated not because there is any unknowable technical know-how about it but because there are certain conditions which must be fulfilled if this industry is to be put on its legs. Firstly, the demand must be very high. If the industry is really to survive then motor cars must be produced on a mass scale. Unfortunately, as the figures will show, in our country the total number of cars of all descriptions, from baby to trucks, that we imported was never more than 20 000 till 1942. But we had any number of assembling units. In 1951, because there were already one or two companies in the field, Government's attention was drawn to this, and they thought that in the interest of this industry, the companies which were engaged in the assembly work should be asked to submit a

programme of manufacture, if they have any, or that they should cease to do the assembling here. That way the Government decided to help the industry to be put on its legs. They also decided that from 1st January, 1950 or 1951 no complete car will be allowed to be imported. Unfortunately, to this day there are ways whereby people have been importing complete cars too. I do not know whether there has been hundred per cent. total stoppage of that. Any way that was Government's intention when they issued that notice.

Secondly, in 1953, the Government, in order to have a better appreciation of the problems attending on this industry, referred the whole matter to the Tariff Commission, a commission which specialises in giving some vague opinion. This Tariff Commission also, unfortunately, happens to be a baby of this Ministry. And if I may say that, this Tariff Commission has been giving its opinion, in whatever matters are referred to them—whether it was TELCO, whether it was the fixation of retention price for steel, whether it was the price of cement—by giving, to say the least, a very cursory attention to the problems set before them. Little wonder that it did not occur to this—the gentlemen of the Tariff Commission—that in a country like ours, where the demand is so limited, we could not afford the luxury of half a dozen cars manufacturing concerns.

Now, on the top of what was already existing, they also very generously—generously to the consumers—suggested that there should be a baby car not costing more than Rs 7,000, which should be within the means of lower middle class people or middle class people. Unfortunately they did not take sufficient pains to find out the cost of imported cars in a completely knocked-down condition that are being imported in this country.

The hon. Minister, about a year ago, gave us a picture of the cost of imported cars. The duty and everything put together it would cost us not more

than Rs. 4,000. These companies with a heavy capital of Rs. 5 crores, Rs. 7 crores or Rs. 8 crores etc. having imported duplicate machines and tools to manufacture these cars and producing only 600, 700, 2,000 or 4,000 cars in each unit have been loading all the depreciation on these cars and pushing the price of what should have been available to the consumer for Rs. 5,000 to a figure of Rs. 10,000 or Rs. 9,000. Some of these companies have been in existence for more than 15 years. For instance, the Hindustan Motors, which has been in existence for the last 17 years even now has not been able to produce a hundred per cent. Indian car. There are countries in other parts of the world who came in the field much later and have been able to produce hundred per cent. indigenous cars. Here in this country the Ministry has not pointed its finger at these industries, I mean, at those who are in charge of these industries and told them that what we want in this country is a utility car and that the car must be such which could brave the rough roads of this country. We do not need a lot of chromium plating and a showy car which is unnecessarily going to cost us more even by way of foreign exchange.

As I have said earlier, the Government thought that its duty was over having referred the matter to the Tariff Commission. It did so on two or three occasions. They have come out again with the appointment of a fourth committee. Rightly the committee has not been received very enthusiastically in the country because of the performance of the previous Tariff Commission's findings and the fact that the Committees' findings have not been very encouraging to anybody. The result of these recommendations has only been the rising prices of cars. Even today the biggest cars are available for Rs 12,000 to Rs. 14,000 in terms of Indian money in America. The smaller cars which are being sold here and are, of course, a poorer variety of what is being sold in England, are being sold here for a sum of Rs. 12,000 to Rs. 14,000.

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

Shri Rajeshwar Patel: One minute more.

If the Government really wants that this basic industry—I call it basic because in a country like ours where the railway system, though sufficiently developed, is not very sufficiently developed the road transport system has to be developed fairly quickly and sufficiently, it is therefore highly necessary that the Government should come to a definite policy with regard to the types of cars and trucks that we are going to manufacture.

17-18 hrs.

[MR. SPEAKER in the Chair]

The type of jeep that we want to have in this country may not necessarily be the jeep that we have. These companies are only assembling units. The Government, after weighing all these facts, I am sure, will come to the inevitable conclusion that some of these shops have to be closed down and the companies should never be allowed to have more than one model, should concentrate upon it and must be asked to produce cars at a named price.

Shri N. R. Ghosh (Cooch-Bihar): I want to speak a few words only about the tea industry. The tea industry has some peculiar features. The hon. Minister must have noticed that for the last three sales, common tea is fetching a very poor price. As a matter of fact, the last average price is only about 1.44 nP, which works out to one rupee less than the economic price of tea.

When we speak of tea and the tea industry, we forget certain salient features of the industry.

Mr. Speaker: I have no vote. Even if I do not hear, other hon. Members are hearing.

Shri N. R. Ghosh: But you count with us, most.

Mr. Speaker: If I do not hear him, I would not pull him up.

An Hon. Member: The Chair is always supposed to hear.

Shri N. R. Ghosh: I am conscious that the hon. Minister, on the representation of the industry, gave certain reliefs, but as a matter of fact, these reliefs do not even touch the fringe of the problem. Unless we take an objective view of the industry its situation vis-a-vis that of the world tea industry, we cannot save this industry at all.

I shall give you certain figures which will speak for themselves. I am quoting from *Tea Statistics—1957*; as against the world tea production, India produced in 1957, 660 million lbs. of which 523 million lbs. were exported. Ceylon produced about 400 million lbs. and 307 million lbs. were exported. Indonesia, though its ordinary production is 100 million lbs. or less, actually produced 138 million lbs. in 1957. Pakistan produced 50 million lbs. and South Africa produced 73 million lbs. And Formosa which did not produce an ounce of black tea before produced what is known as Oolong tea with which we do not compete—that was their special tea. They have now switched over to black tea which has got a very ready market in America. We produce about 40 per cent. of the world tea.

As I have submitted, and as one of the previous speakers has also pointed out, the earning of foreign exchange is highest from the tea industry. Actually, we earned more than Rs. 100 crores of foreign exchange from tea last year. In 1957 it was 123 crores, about 20 per cent. of the total value of India's exports. Formerly, jute occupied the pride of place as a foreign exchange earner in this country, but from 1954 onwards, tea has occupied the pride of place, though in the year 1954 there was some slight recession.

Out of this huge quantity of tea which we produce, about 60 per cent.

is common tea. The best tea which Upper Assam produces, and which Darjeeling produces, has got no competitor. We have, therefore, no difficulty about it. But we have the greatest competitors in common tea. One thing that we do not know is—and we do not speak out—that China is taking vigorous steps, to increase its production of tea and as our information goes, from authoritative sources, by 1960 it will produce 860 million lbs. At present it is producing something like 600 million lbs. China will soon occupy the pride of place. As you know, Sir, the manpower of China can be handled by them in a peculiar way, and unless we do something, with imagination and boldness we will be practically pushed out from the export market.

In his recent speech, the Chairman of the Tea Board said that China could sell its tea at any price. As a matter of fact, it is apprehended that we may be pushed out of the export market altogether by the competition of China, East Africa, Argentina and some other countries.

East Africa is taking very vigorous steps to expand its tea plantation. Vast forests are now being converted into tea estates. They have got certain advantages. There is no duty, and there is some sort of subsidy. Is our Ministry ready to face the situation? The danger is there, the danger is written on the wall. If we want to shut our eyes, then practically our common tea will be defaced from the map of the export trade of the world.

Merely asking for the removal of the duty will not do. There are certain other measures which must be taken if we want to save this industry. I am not speaking about the tax structure at the moment. There is such a heavy tax on this industry that it is very difficult for it to compete in the foreign markets,—the views of the industry are well known to the Ministry—but at present I shall

not deal with that aspect of the question. There is another aspect and that has also to be taken into consideration.

Can we reduce the cost structure which we have to do if the industry is to survive? Of course, some sections are very vociferous about labour. I fully agree that labour should be kept contented. Labour should play its part, and the employer also should play his part, but there is always the other side of the picture, the other side of the shield.

The tea industry is a special kind of industry, it is a seasonal industry. For six months you prepare the field, you cultivate, manure, you prune the bushes, and then for the next six months you actually reap the fruit. That is its history. What happens, especially in the Doars, Terai and Cachar? At the time of reaping the fruit, and it has its peak season in July and August. When actually there is plucking all its peak, some people come with absurd demands, which cannot be listened to. Then strikes generally as August strikes follow. The strikes always fizzle out because labour left to itself is quite reasonable, it is only outsiders who actually create this difficulty. When strikes take place, the middle-sized and small gardens face such a crisis that they are almost crippled.

There is no lacuna in the law, but even when the strikes are declared to be illegal and unjustified by a tribunal, the law is not implemented. Under the provisions of the Act, it is only the Government which can take steps against illegal strikes by launching prosecution, the employers cannot. In a large number of cases when actually the parties go to a tribunal, this has been the uniform history. Sometimes the management has to declare a lock-out very reluctantly. Cases go to the tribunal, and the tribunal declares that the lock-out was justified and the strike was illegal. Even then, under the relevant section of the Industrial Disputes Act, the Government does nothing whatsoever.

[Shri N R Ghosh]

ever Now there is a demand for increased wages and there is also a demand for lowering the norm More wages, less work, that is the pattern of philosophy of these so called unions, especially of a particular Brand It is burning the candle at both ends Can the industry stand this? As a matter of fact, can we compete with the outside world if actually our cost structure is made so high If it is a question of tax, the Government can reduce it, But if it is a question of the behaviour of labour, unless the Government does certain things, it will never improve

In the winter season, the system is to pay the labourers at piece rates Now does any country know of working hours so low as 4-5 hours with the labourer demanding full wages? But that is the unfortunate state of things prevailing in the tea growing areas In the winter, formerly they used to work for two periods—in the morning and in the evening—and that would be roughly about 8 hours Now, according to the piece rate system, if they can finish their work, there is demand of full wage Now, as conditions prevail if they are left alone, they do it in such a manner that there is practically no proper cultivation or other work If they are asked to prune, they specially when agitation is rampant do it so rudely that practically the bushes are hacked As a matter of fact, in the winter season, troubles arise very often and there is indiscipline The quality of work has terribly gone down If the supervisor comes and says that this is not the proper way of doing things, he is attacked and assaulted There are sometimes criminal cases in the winter season

I do not say that the wage structure should be reduced because I know once a wage is fixed, it is almost impossible to reduce it But at least you can do this you can see that the output of work, its quality and quantity is improved But it is going

down and down As a matter of fact, it has become a fashion to say something gloriously about labour But if the employer has to play his part, labour has also a part to play Unless both combine, no industry can flourish. We have to compete with the outside world If we compare the wage structure of India with that of other countries like Indonesia, Ceylon and East Africa, etc., we find that their cost structure is much less If the industry cannot live and if it dies so many people will be out of employment It is no good policy to kill the goose that lays the golden eggs I would submit that this is an aspect which should be taken into consideration The Commerce Minister and the Labour Minister should sit together and see that as a matter of fact, both the employer as well as labour play their part I am all in favour of paying proper wages, if possible very good wages to labour But the industry should be in a position to pay it This is a large industry which earns so much foreign exchange and gives employment to so many hundreds and thousands of people If actually we are pushed out of the export market, then it will be a doom to this industry It will damage seriously the foreign exchange position, our economic structure That will not be good for the country

My suggestion is that there should be some machinery to see that strikes and lock-outs are completely eliminated and that go-slow methods are completely banned Working hours should be fixed in the winter season That will improve the quality of the work and without reduction of the wage structure, the cost structure will be reduced (Interruptions)

Shri Prabhat Kar (Hooghly) It goes to the pockets of the industry

Shri N. B. Ghosh: It does not go to the pocket of the tea industry in that sense It will save the industry and will benefit labour It goes

mostly to the pocket of the Government which means the country. As a matter of fact, about 40 per cent of the profit is shared by the Government. Therefore, it is the biggest shareholder and as matters stand now for common tea producers no profit is coming at all because for the last two or three years most of these gardens are working at a loss. It will not be wise for those gentlemen who think that they are the friends of labour, to see its continuance.

Shri Prabhat Kar: Then hand over the industry to the Government.

Shri N. E. Ghosh: There is another thing to which the Ministry should pay attention—namely, propaganda in other countries. The United States is a very big field for consumption of our tea, it imports a big quantity and this is a vast field there to explore but it does not import much from India. West Germany and Egypt are very good markets, which can be profitably tapped. We have got Rs. 4 crores in our tea cess fund and we should pay more attention to propaganda in expanding our export market in West Germany, Egypt and United States and other places. That will give some relief to the industry. I would submit that unless we are careful this industry will be lost to the country and that will not be good either for the labour or for the country or for any body.

The Minister of Industry (Shri Manubhai Shah): Sir, while listening to the debate this afternoon some of us in the Ministry were feeling both proud and humble. The way the hon. Members in general have dealt with the different aspects of the performance of the Ministry during the last year was one we should be thankful about and we should also feel proud that on the whole we have been able to carry the hon. Members and through them the country with us in the execution of the policies of this Ministry. While I express this general satisfaction and gratefulness, we

are not for a moment oblivious of the fact of the heavy responsibility and burden lying on the shoulders of this oceanlike Ministry. The economic orbit of the nation's life which is dealt with in this Ministry is as vast as the Members pointed out. The vastness becomes still more obvious due to the diversity of the subjects. It was therefore very heartening to see that in this great task before us, in building up an industrial structure of this great country, we have the good wishes of the country as well as the House with us. That should lighten our burden which we are fully aware of. We are not complacent about it and the tasks awaiting us are great indeed. Last year, particularly 1958 has been a year of great lessons as far as this Ministry is concerned. The foreign exchange situation that developed at the beginning of 1957 did not assume that acuteness for us as it did in 1958 when the entire weakness in the nation's economy on account of the lack of resources on the foreign exchange front was fully visible to us and made us aware of some of the difficulties in the country's policies that we had in the past because of the non-awareness on the foreign exchange front. As the hon. Finance Minister has been saying in the past, the foreign exchange difficulty has become a blessing in disguise. Not only has it helped to increase the strength of this country's basic policy and the basic national character but it has also given a great opportunity for the small, medium and big entrepreneurs in this country both in the public and the private sector to face up to the new challenge. We have been now fully aware, as other countries which were trying to develop in the past became aware, that foreign exchange is the king-pin of industrialisation of every underdeveloped country. Now, on this task of foreign exchange front, naturally, there are two aspects, the most essential of them being the earning of foreign exchange through export promotion. Dr. Krishnaswami, my hon. friend, who takes a great interest

{Shri Manubhai Shah}

in export promotion, elaborated very well the great and dire need to pay concentrated attention on all fronts, both in an intensive and extensive manner on the wide front of exports I know that my colleagues, Shastriji, and Kanungo are going to deal with the export front and, therefore I would not take the time of the House on that

But the House is aware of the efforts being done on the industrial side also for the export of manufactured articles, and I can say that all the suggestions, all incentives of various types for reduction of cost structure to make our goods saleable in foreign markets are being attended to as much as we can

As a matter of fact, Sir, the cost structure of industry in this country, as we all know, is somewhat lopsided and top-heavy. We are priced out in the foreign market. We are also heavily priced in our own country as the cost structure is rather high because of the diminutive volume of production on all fronts, low productivity, inefficient management and many other factors. I will not at this juncture go into the entire cost structure, but I would say only this, that next to export promotion the second vital front where foreign exchange can be properly husbanded is the front of import. I would, therefore, today, deal with the subject from the import angle.

If the House analyse the annual import bill of about Rs 700 crores to Rs 800 crores, more than 60 per cent of the Bill relating to industries is consumed by what is known as basic raw materials. The country, in the past, because it was not an independent country, its freedom being only ten years old, had been what we can call the hewer of wood and drawer of water. It was more or less a market for foreign countries who

used to shall their goods here. Most of our merchants and entrepreneurs were more importers than either manufacturers or exporters. Therefore the basic industrial policy that we are trying to follow is, if I may summarise, three-fold. The first one is to make the country as early as possible self-sufficient in the basic raw materials.

On this side, as far as the basic raw materials are concerned, if I may enumerate, steel is the first item. As the House is aware, on the steel front quite a good progress is being made. By the end of 1962 we hope to get about 4.5 to 4.8 million tons of finished steel. Many hon. Members feel that there may be surplus. I do not think so. Looking to the vitality of industries in this country, I think we will be able to mop up practically the entire production of steel into productive apparatus and there may not be any surplus at all, perhaps, we might have again, after a little small period of a year or so to face the same shortage of steel unless and until our expansion programme on the steel front which we are going to undertake very speedily catches up with that.

Next to steel is alloy and tool steel. The present bill on import on this front is rather high. Therefore, we are considering the establishment of a plant which will manufacture both alloy and steel and stainless steel. But, at this juncture, over and above the public sector, I would appeal to the industrialists in this country to wake up to this requirement as early as possible. It is not possible that every type of tool steel or alloy steel could be manufactured in one single plant. Recently I went to Sweden. I saw one factory where fifty to sixty types of steel are being manufactured by a single company under one roof. They had electric furnace of low frequency induction type ranging from 20 lbs per hour to the biggest furnace of 15 tons per hour charge. Therefore, we have been urging from

different platforms that the industrialists in this country should become wide awake to the need for manufacture of special steel required for different industries in the earliest possible time. I can assure that as far as Government is concerned, we shall extend to them the maximum possible help.

Then the question of non-ferrous metal comes in, and our biggest import is on the front of copper, aluminium, zinc and lead. On this, as Government is concerned, we are trying to see that the establishment of the Zavar plant comes up as soon as possible in Udaipur, which, fortunately, according to a recent investigation shows a potentiality not of 10,000 tons as we had earlier surveyed, but of 25,000 tons of zinc which we can produce at the Zavar mines. Even then, it is a far cry from self-sufficiency because our need of zinc is going to be more than 75,000 tons and it may come to a lakh of tons towards the end of the Third Five-Year Plan.

On the front of Copper, as the House is aware, the Khetri mine has been surveyed. I would like to appeal to the industrialists that as far as these non-ferrous metals are concerned, instead of waiting for the day when the country can be sure of all the raw materials and mines and ores in this country, we should, even if necessary, base our smelter capacities on the imported ore. This has been done by Canada. This has been done by Germany and many other countries in the world. We know of the example of Japan. They are importing iron ore from distant countries like India. They have based a big structure of their steel industry in their country based on imported iron ores. There is no reason why in this country, these non-ferrous metals should not be covered both in the public and private sectors during the Third Five-year Plan through the efforts based on imported ores.

On the Heavy Chemicals front, the brochure which various hon. Mem-

bers referred to clearly shows the progress that we have made. Practically during the last seven years, the production has gone up by about Rs 180 crores. The House is aware that on the front of caustic soda, soda ash and sulphuric acid and other heavy chemicals, we are reaching the stage of near self-sufficiency. It is our endeavour, Sir, to see that in the next seven years—two years of the Second Plan and five years of the Third Plan—we should make the country self-sufficient in Heavy Chemicals, and, if possible, to have some surplus, as far as exports are concerned.

Then, Sir, on the basic Chemicals side, I would like to mention one other point relating to the manufacture of basic organic intermediates. In the field of dye-stuffs and pharmaceuticals we have been depending too much on the import of these organic basic chemicals from outside. Our import bill comes to more than Rs 30 crores a year on this account. With the German collaboration—which we hope will fructify soon—we will be in a position to establish in the public sector a wide range of manufacturing Programme in about 61 basic organic intermediates. Once that is done, so far as dye-stuffs and pharmaceuticals are concerned, we shall reach in the next three years, by the end of the second year of the Third Plan, a stage of near self-sufficiency in the organic intermediates.

On the question of Drugs, I have had the opportunity of laying the whole programme before the House. We have reached a production of about Rs 45 crores last year. This year, drugs production is going to rise phenomenally. It may rise to about Rs 55 to Rs 60 crores. Incidentally I would like to answer the point which my hon friend Shri Parulekar mentioned about the Merck's agreement, which is a small part of the drugs programme. I have answered several questions on the floor of this

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House about this point. In the debate which took place about this agreement, we have tried to give the whole picture as far as possible. I can tell him this much that the day is not far off when both the plants will be a reality—the streptomycin based on Merck's and the streptomycin based on the Soviet collaboration. That will be the time to judge which plant produces at what cost. I have always been mentioning in the House not to base any considerations of the projects exclusively on the basis of the worked-out cost of production. We have seen it in the case of penicillin. Once the estimate is drawn up, several factors beyond the control of the suppliers crop up and so changes come in the original estimated cost. Now, we are hoping to finalise the scheme on the Soviet drug project. This is a comprehensive project. The production will almost come to about Rs 35 to Rs 40 crores worth of basic drugs in the private sector, the pro-alkaloids, in the field of antibiotics, in the field of various sulphur drugs and thiozols, in the field of cortisone and hormones and steroids and various types of surgical instruments and the like. Therefore, Sir, these are not matters of any political tensions. If my hon friend thinks that he will only utilise a phial or a vial which is of a special colour, streptomycin manufactured from that plant will be supplied to my hon friend who is very keen on that in that particular colour, it can be specially designed for that purpose. But these things have no politics. These are purely economic factors. We welcome collaboration, as I said last time, from every country in the world. We are friendly, thanks to our Prime Minister and our foreign policy, with every country in the world, and we welcome collaboration when it is considered to be in the best national interests and to that end we have entered into these different agreements including the agreement which is just now under discussion with the Soviet Union, the agreement about the big project in collaboration with the Soviet

Union is going to make us very largely self-sufficient in the basic drugs and life-saving drugs along with other programmes for the manufacture of drugs in the private sector, the programme in Pimpri and others.

The second point which I wanted to stress before the House is—leaving the field of basic raw material which accounts for 60 per cent of the import bill—the second large and heavy item on the foreign exchange front and that is, machinery, capital goods and equipment for the plants. This is a field on which, during the past five to seven years, at the beginning of Independence, we have not been able to concentrate. Thanks to this great shock and great awakening on the foreign exchange front we have so arranged our future industrial policy to see that machine building will be given the highest priority.

The House will be glad to see from the figures that last year we reached a figure of Rs 80 crores from hardly Rs 10 crores to Rs 11 crores in 1951. That is a welcome feature. For that I must congratulate the industrialists in this country particularly in the private sector who have helped us in developing our machine-building capacity, because the machine-building in the public sector is just coming up, such as the Hindustan Machine Tools and the big corporation which we are going to establish at Ranchi.

In the field of heavy machine-building plants the House is fully aware of the different steps and therefore I would not like to take much time of the House. The Ranchi plant is coming up. Our team has gone there, both to Czechoslovakia and Moscow, to study the various project reports. The work at Ranchi is on hand, and this plant is going to be the pride of our country because it will manufacture some of the heaviest types of machines which are not manufactured in many countries in Asia including some of the well-developed Asian countries. It will produce more or less one steel plant from A to Z including the roll-

ing mills, merchant mill, blooming mill, blast furnaces, cooper store mill, converters and various other components of steel mills and various components for oil and mining machinery, cement machinery and various other types of heavy machinery.

My friend Shri Morarka said he was wondering whether the capital production ratio will be properly maintained. I can assure him that for the investment of Rs. 45 crores, in the beginning, when the plant comes into operation, the ratio will be about Rs. 25 to Rs 30 crores to the outturn in that plant and then it will come to about Rs 80 crores and finally to Rs. 160 crores. The investment production ratio will be fairly economic, about three to four, and that is, 75 per cent being the turnover per year in the heavy machine building plant. That is a fair outturn.

I may also draw the attention of Shri Morarka to the Heavy Electricals Project at Bhopal. He said he was wondering why over an investment of Rs. 40 crores to Rs. 50 crores, the turnover is only going to be Rs 12 crores. As the House is aware, we have had to cut down the project into phases. In the first phase the investment is also reduced. Now, the Planning Commission and our Ministry have been at it, and I had the privilege of mentioning before the House a few days earlier that we are revising the entire programme and bringing up the production in two shifts, to about Rs. 25 crores. That also will bring the ratio between the investment and production and productivity to a fairly economic level.

It is true that the ratio in the electrical plant, particularly, for the turbo-alternators, transformers and rectifiers and those types of heavy electrical machinery cannot be as high as either in the consumer goods or in other heavy machine-building plants.

Apart from the machine-building plant in the public sector, I would like to say that on the private sector front also, we have made considerable pro-

gress in machine-building. My friend Shri Ramakrishnan took the occasion to mention about the consortium on sugar. I can assure him that right from the beginning this consortium is a temporary affair. It is only for the delivery of those 11 sugar plants. It is not permanent either. It is not a monopolistic combine or a cartel or a capital structure registered under the Companies Act. It is purely a friendly combination of three units in one consortium and three units in another consortium to deliver 80 to 85 per cent indigenous sugar plants in the country. I am very grateful for the compliment that he showered on us. I can assure him that these consortiums are not to be perpetuated as monopolistic combines, which was his fear. They are merely friendly combination for a particular task. As soon as this task is performed and the capacity has been established, each one of them will produce sugar plants individually themselves for the country.

Regarding solvent extraction, we have made considerable progress. The machinery for the solvent extraction plant is going to be entirely fabricated in the country. Starting with 66 per cent indigenous production, in the next two years, it will be practically cent per cent indigenous production in the country.

I am not enumerating the several features of the machine-building activities that are taking place. All I can assure the House is that by the end of the third Plan we anticipate that about Rs. 300 crores to Rs. 350 crores worth machinery will be required for the country's industrialisation annually, of which we hope about 80 to 85 per cent will be met by indigenous production, both in the private sector and public sector. That shall be our endeavour, because we know that without saving foreign exchange on the heavy import bill of capital goods, there is no salvation for rapid industrialisation of this country.

Next to basic raw material producing industries and machine-building industries come the small industries.

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I am grateful to the House for the satisfaction generally expressed on the front of small industries, by which I mean khadi, ambar charkha, village and cottage industries, silk, coir, handloom handicrafts and small scale industries run by power. In this field, I am not making any rash observation, even if it is rash, I feel I would be entitled to make it. The provision of Rs 200 crores made in the second Plan is totally inadequate. We have consumed it and we have been urging the Planning Commission, the Finance Ministry and all our colleagues that if this country is to become industrialised, in every nook and corner of this vast country, small industries are the only messenger of technology and friends of industrialisation. Therefore, the provision in the third Plan will have to be substantially higher. If I have to give any figure—I have been saying it outside—unless Rs 500 crores or Rs 600 crores are provided in the third Plan, it would be most difficult to provide satisfaction in the field of industrial development in the whole country. I can assure the House that every penny given to the small industries section will be utilised in a frugal manner and in order to provide maximum employment—fruitful and gainful productive employment—and to bring about the maximum industrialisation of the most backward areas in the country. This can be done provided adequate funds are available for productive employment there is no substitute to small scale industries and it needs very small foreign exchange.

I am not dwelling more on this subject of small industries, for which I have very impassionate love and on which I can spend much more time, but, I will skip over it because I want to touch the other subject raised by Shri Morarka, viz, the review of the Industries (Regulation and Development) Act enacted in 1951. As far as that Act is concerned, it has now taken various forms after planning

has come into this country. The first Plan itself was to some extent industry-orientated. The second Plan, as the House is aware, is more or less completely industry-orientated, of course, agriculture always taking the pride of place. We have to realise that if the standard of living in this country is to be raised, so far as the common man is concerned, industrialisation is the only royal road. As far as revision of the Act is concerned, the industrial policy and Act are under constant review. Every day that passes makes us more and more aware of the need to removing any weaknesses that might be there in the Act. The industrial policy statement made by the Prime Minister on the floor of this House in 1956 is a comprehensive document dealing with all aspects of industrial development and planning. So, I do not feel there is any need in that sense to have a review of reconsideration of that Act. That Act is serving as one of the best instruments for the economic development of the country.

In that Act, Mr Morarka has rightly pointed out two things about which we should be cautious. One is about the concentration of economic power in the hands of a few people. If one looks into the licences given in the industrial sector, one will immediately notice the large number of new entrepreneurs that are coming up in the field of industrial development. The base of the economic structure is being made wider and wider and every care is taken to see that those industrialists who are already in the field are not getting more and more industrial development in their hands. Concentration of economic and industrial power in a few hands is to be avoided and that is a thing with which Government is in full accord and sympathy. I can assure the House that we have taken every minutest possible care to see that if there are two, three or five entrepreneurs applying for a licence, we have tried to give the industrial licence to that gentleman who has not already too many

industries in his hands. But there are many cases within the industry where, excepting the leaders and the pioneers in the industry who are in the forefront others have not come forward to establish those industries. Naturally, industrialisation cannot wait till the new entrepreneurial class takes that enormous risk and so we have got to see that the industry is established by whatever best means is available. What I want to assure the House is that constant care is taken that economic concentration of power is avoided.

18 hrs.

The last point is about regional backwardness. I have myself the fullest sympathy with the House, as far as this aspect is concerned. I come from an area which was under double-distilled slavery till 1947. That was an area where there was no industry, even though it was attached to its counterpart in Gujarat. Therefore, I know how friends from other areas feel where there are no industrial developments. But the basic issue is this. The industrial development of this country itself, even though it looks a little satisfactory, is totally inadequate, and unless and until the quantum and the volume of industrialisation increases to make it as widespread as one would desire, it would be a bit of a difficult task to remove the disparities, though it can be progressively reduced.

If an analysis of the licences is made, sometimes when the licences are looked into as a whole they do not give a correct and true picture. Most of the industries which are expanding are naturally the existing industries, and the licences, as they are issued and as they are printed, are lumped with units and substantial expansion. I myself had occasion to analyse this. Most of the licences are for substantial expansion. And when new licences are allotted, the House will perhaps have the satisfaction to know, those areas or those districts which are less industrialised are coming up and are industrialised more and are given high proportions of licences for new units

As far as expansion is concerned, I hope everybody will agree, that it is inescapable that a unit which exists at a particular place can expand there alone. But I can say that whenever a question of a new industry comes, we are trying to give it as much regional approach as possible. Added to that, one of the new steps taken for removal of the regional backwardness is the establishment of small-scale industries and medium industries in those areas. Actually, if the programme for the small-scale industries in the report is seen, we have made special mention of this. The National Small Scale Industries Corporation and all the rest of the institutions and the instruments that we have got in our hands are being given continuous instruction to see that those areas where there are less industries should be allowed to develop and should be encouraged for development.

Here I would like to give one word of caution. The other day, the Chief Minister of a State which, in the opinion of many friends in the House, is well industrialised, said that his State has not got adequate industries. Only day before yesterday, my friend from Bombay, Mr. Vankde, mentioned that only 3 or 4 big cities in Bombay State are well industrialised and the rest of the whole of Bombay State, including the Maharashtra and Gujarat side, is not adequately industrialised. That is the complaint which we have received from every part of the country. Now if we see that, in juxtaposition with States like Assam, Rajasthan, various areas of North Bihar, various areas of Eastern Uttar Pradesh, one can easily say that most of the backwardness that is prevalent in the whole country can be only tackled by the very speedy and rapid growth of small and medium industries. Therefore, all our efforts are towards that end. And in the consideration of the Third Five Year Plan also I have no doubt that the Planning Commission and our Ministry will see to it that more and more emphasis is given to trying to remove the dis-

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parities by giving promotional bias towards the establishment of new industries in the medium scale and the large scale and the small scale in those areas which are less industrialised.

I have enumerated this on different occasions. For example, in the case of sugar, in the case of textiles, in the case of cement, we are not licensing new units in those areas where there are already sufficient spindles and so on. We are not licensing sugar factories in those areas where there are enough number of sugar factories.

Shri Panigrahi: How many have gone to UP?

Shri Manubhai Shah: Very few. If you see the Second Five Year Plan, I do not think that at the most more than about a dozen or less than that, as compared to about 60 which have gone to different areas and that too, if you analyse again the licences, they are more for substantial expansion than really for new sugar factories coming up.

Shri Panigrahi: What about the electrical and chemical industries?

Shri Manubhai Shah: I am trying to say that wherever there is a dispersal possible of those industries which are concentrated in a particular region, we are attempting a dispersal. As far as cement is concerned, it is already well known to the House that in those areas where there is surplus of cement new industries are not being licensed and in areas like UP, the Punjab and some of the portions of West Bengal, where cement is deficient, we are trying to license new plants.

In short, I wanted to assure the House that we are careful about what Shri Morarka and several other hon. friends drew the attention, that is, to remove the regional backwardness.

Lastly, I would like to draw the attention of the House to the new scheme of the National Industrial

Development Corporation in order to quickly modernise the textile mills. I hope the hon. Members have had the time to study the scheme. It is a short-term five-year loan scheme so that all the textile mills in this country without going through the elaborate procedure of applying in different schemes, getting scrutinies, surveys and all that, could immediately apply, buy that machinery from an Indian manufacturer of which now there are many and take advantage of the scheme. I do hope that the textile industry, which again is the kingpin of the entire industrial sector of this country, takes advantage of it and follows its other partner, the jute mills in modernising its machinery at an earliest possible opportunity under the benefit of this scheme.

15.07 hrs.

RE GUILLOTINE OF DEMANDS FOR GRANTS

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): Sir, I would like to raise one very important and urgent point.

According to the schedule we are behind it by one and a half hours. I would therefore request you to consult the House to fix the time for the guillotine of the Demands. According to the present schedule I think, as I said, we are behind by one hour and 30 minutes. Unfortunately, on Saturday we have to take up non-official business at 3-30 P.M., otherwise we would have sat through till 5 P.M. when the guillotine should have been applied. Generally, guillotine is applied, according to convention, at 5 P.M. Our difficulty is that Saturday being non-official business day is a half day. So, I would just seek your guidance.

The House also may not be taken by surprise, so I would like that the House must know the exact time-table as to when the guillotine will apply, when the Demands will finish and