

ये समान अवसर जब नहीं मिलते हैं, जब इस तरह की घारा भौज्द रहती है कि वह आशमी अपना पेसा वसूल करने के लिए एक कलंक की आशा हासिल कर अटालन में जानिश ने किए...

Mr. Deputy-Speaker: I shall ascertain the views of the House, now. We have two options now. Either we stop here so far as non-official business is concerned and take up the half an hour discussion which was fixed for 5-30 or we shall continue this debate till 6 p.m. and then I shall again ascertain the views of the House whether the hon. Members are prepared to sit longer.

Shri S. M. Banerjee (Kanpur): The views may be different at that time.

Mr. Deputy-Speaker: Certainly. So, now I want to know if the hon. Members are willing to take up the half an hour discussion.

Some Hon. Members: Yes.

Mr. Deputy-Speaker: Then this debate would continue on the next day and the hon Member may resume his seat. Now, we shall take up half an hour discussion. The hon. Member will continue his speech the next day.

EXPANSION OF ORDNANCE FACTORIES

Shri S. M. Banerjee (Kanpur): Mr. Deputy-Speaker, Sir, the purpose of this discussion regarding expansion of Ordnance Factories under the Second Five Year Plan was to focus the attention of the hon. Members and just to make an appeal to the hon. Defence Minister about certain facts and the views of the working people employed under the Ministry of Defence, especially in the Ordnance Factories, as to how these Ordnance Factories can be expanded.

The expansion of public sector is securing the most important place in our Second Five Year Plan. If this is

correct, then the defence industry as such is the second biggest industry in the public sector, the first being the Railways. There are 19 Ordnance Factories. There were actually 20 Ordnance Factories. One Ordnance Factory at Wadala was closed and now there are only 19 Ordnance Factories.

These Ordnance Factories can be split up into four types of factories—engineering, that of course includes explosives etc., then leather, clothing and optical. There are about 65,000 to 70,000 people employed in these Ordnance Factories.

When I talk of expansion of Ordnance Factories my intention is not only to expand these Ordnance Factories for the manufacture of civilian goods, because I realise the importance and significance of these Ordnance Factories to meet the requirements of our Armed Forces, Navy and the Air Force. When I talk of expansion, it is expansion for both the purposes.

First of all, I demand expansion because we think that with these Ordnance Factories with mass production machineries and cream of technicians the need of the hour is that, with all the Pacts hanging round our neck and with the game of the Imperialists, we should attain self-sufficiency in the matter of our defence requirements. I should mention here that even the Estimates Committee in its 68th Report has said this.

Whenever we demand that these Ordnance Factories should be expanded, immediately a question arises, for what purpose? We are not short of conventional weapons. It is an atomic age and, naturally, a demand for the conventional weapons is not so great. But, I should just read for the information of the hon. Minister a passage from this Estimates Committee's report. They say:

"However, during the last world war, the number as well as the scope of these factories was increased considerably. But even

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then they were not fully equipped to meet the requirements of the Defence Services of an independent country with vast responsibilities. In addition, the needs of the expanding Navy and Air Force had also to be considered. Although the nuclear weapons have, to a certain extent overshadowed old military concepts, they have not in any way superseded the need for such weapons, even in countries possessing the nuclear weapons, much less in a country like India. It is, therefore, of importance to provide for the development and production of modern conventional weapons so as to meet the entire requirements of the Defence Forces and at the same time to reduce to the extent possible, the dependence on foreign countries in this vital matter."

So, hon. Members who were entrusted with the work of the Estimates Committee have also realised that our dependence on foreign countries, especially those countries which are hatching some war plan and are having various Pacts which are not actually good for the Asian people, should be reduced. So, the time has come when we should attain self-sufficiency in the matter of our defence requirements. So, my submission is that these ordnance factories must cater to all sorts of defence needs. I should mention for the information of the House that what we are manufacturing for the armed forces is 50 per cent of the demands and for the navy and air force, we meet 20 to 30 per cent of the demands. It means actually for the army we have to depend on foreign countries for 50 per cent of the requirements and for the navy and air force, we have to depend for 70 per cent of the requirements on foreign countries. So, we have not actually got into production to meet our defence requirements as we should have done after Independence. These ordnance factories, I am sure, can

produce all sorts of things for the armed forces and for civilian consumption. So, my submission is that these ordnance factories are also capable of manufacturing heavy vehicles, fighting vehicles, with the help of some countries if necessary.

The Estimates Committee has rightly pointed out that Premier Automobiles, Mahindra and Mahindra, Hindustan Motors, etc., could all be utilised. If there is a plan to take the help from them also, in consultation with those concerns, we should manufacture the fighting vehicles and also our Land Rovers and jeeps. So, this job must be taken up immediately so that the surplus manufacturing capacity of the ordnance factories should be fully utilised.

The other point that I wish to make is the civilian trade. I would mention for the information of this House the possibilities in this regard. I would request the hon. Minister to kindly throw some light on my remarks when he replies to the debate. I say we have got engineering factories. We have got a factory at Ishapore, for the manufacture of non-ferrous metal and steel and we have another ordnance factory—in Katni. We have got the Optical Factory at Dehra Dun. We have got a clothing factory in Shahjahanpur and in Kanpur we have got a leather factory. When we talked of civilian production the other day, our Deputy Minister of Defence replied that "our policy not to compete with the private sector". He is correct, but we should not—

The Deputy Minister of Defence (Shri Raghuramaiah): What I actually said was that whenever there is sufficient capacity on the civilian side, it is not the policy to utilise our limited capacity for production of identical goods. Broadly speaking, that was the policy.

Shri S. M. Banerjee: Thank you; I am actually speaking from my experience. I was in ordnance factories;

I served there for 14 years, as a permanent employee. So, I am talking out of experience. I know there is a factory in Kanpur for the manufacture of leather goods. There is an ordnance factory called the Harness and Saddlery Factory. We were told that this factory will have a boot plant and we were very happy to know it. But unfortunately when the plan came,—I do not know what happened to that plan—I was told that it was submitted to the authorities, which would cost about Rs. 27 lakhs or about Rs. 20 lakhs. Naturally, the Government of India could not possibly sanction that plan. But, in the same place—Kanpur—one of the small concerns, A. K. Brothers, is manufacturing 600 to 800 pairs of army ammunition boots with a capital of less than Rs. 2 lakhs. So, I do not know why, after all, we could not manufacture army boots because it is being manufactured by Cowper Allen. They are the sole agents for these boots and now they have started in a different way. They get it manufactured in Agra and other places by small people and put their stamp on it and it becomes "ammunition boots" manufactured by Cowper Allen. This Harness Saddlery factory can manufacture all sorts of leather goods. I can assure that the goods manufactured in Harness and Saddlery factory are the cheapest and best. This has been proved beyond doubt, because the products of this factory and the microscopes, binoculars, etc. manufactured in the optical factory at Dehra Dun were placed in an industrial exhibition in Bangalore in 1955 and I am glad to say that the civilian products of these factories got the first prize in that particular exhibition. There were huge orders pouring in from the various parts of the country into the ordnance factories, but we could not meet those orders. We are unable to meet them. But when the question of manufacturing these civilian articles in bulk arises, immediately the problem of competition with the private sector comes in.

That may not be the policy of the Government of India, but it so hap-

pens, and I am constrained to believe, that the Government knows all these things. Knowing where there is idle time to the tune of lakhs, 6,000 people were retrenched in the year 1956 on 15th September. We could not possibly utilise the surplus manufacturing capacity in these ordnance factories and so we could not complete our orders even.

The total number of orders lying outstanding in the ordnance factories on 1-4-56 was 10,870. The outstanding orders were in 1945-46—2; 3 in 1946-47, 19 in 1947-48, 392 in 1948-49; 495 in 1949-50. Then it goes to 2095 in 1954-55 and 1426 in 1955-56. Some suggestions were made by the Estimates Committee. I know that those suggestions are being accepted partly or completely by the Defence Ministry.

I would like to say that these ordnance factories can cater both for the civilians and for the armed forces, if there is a proper co-ordination between the technical development establishments and also the army workshops. I can also say with confidence that with the cream of technicians and mass production machineries, we can cater and there will be no competition.

Mr. Deputy-Speaker: The hon. Member has taken about 15 minutes.

Shri S. M. Banerjee: It is a very important matter.

Mr. Deputy-Speaker: I do not deny that, but he would allow that much time for the Minister also to reply.

Shri S. M. Banerjee: The Minister is more capable than me; he can finish in 10 minutes. I want only 2 more minutes.

Mr. Deputy-Speaker: If he does not want the answer and wants to have the full half an hour, I have no objection.

Shri S. M. Banerjee: My submission is that the technical development establishments and the army work-

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shops must be properly co-ordinated. We have an efficient Director-General of Ordnance Factories, who has done his best to see that the surplus manufacturing capacity is utilised to the fullest extent, and we have been able to achieve something.

So, I would request the hon. Minister to kindly throw some light on this matter as to why we are not producing all these things.

About overhead charges, we have a hierarchy in these ordnance factories. There is a superintendent, 2 works managers, 5 assistant works managers, foreman, assistant foreman, storeholder, assistant store-holder, charge-men grade I and chargemen grade II, mistry and then comes the direct labour. What is the proportion between direct and indirect labour? How can we possibly produce the goods at cheaper and competitive rates unless we see that this hierarchy is done away with? When we put forward an argument, they say it cannot be done. I will just now quote the figure for the railways. We have got 8 lakhs employees and the number of officers is 2,700 or something like that. In Defence, the total number of civilian employees is 2,60,000 and the number of officers is 2,400 or something like that. So, for eight lakhs it is 2,700; for two lakhs it is 2,400. I do not suggest retrenchment of our worthy officers. But either you should produce more so that the cost of production may come down or there should be some other remedy.

So, my ultimate suggestion is: let there be a non-official committee from this hon. House so that they may go and see the conditions there and submit a report to the Planning Minister and the Defence Minister. I have made this suggestion to expand our ordnance factories in the best interests of our country.

The Minister of Defence (Shri Krishna Menon): Mr. Deputy-Speaker, the Government welcomes this discus-

sion with regard to the production of Defence equipments because it is a vital part of Defence. As Defence Minister I regret that this debate has to be in the form of a dialogue since there are no other speakers and no time.

The main points raised are that we should expand our Ordnance factories and they should produce everything for the army and the second point of the hon. Member is that we should produce everything for the civilians. I think it would be unfair on my part to talk merely in answer to the observations made by the hon. Member, because the House would like to know the position of the Ordnance factories in relation to defence equipment. I am not going into the ideology of nationalised production. These ordnance factories are not there either to compete or not to compete. They must produce goods if there is a war or other action. During war-time, their production is very considerably higher than in peace-time—sometimes hundreds of times higher than in peace-time. The equipment that is now produced is consumed for peace-time use in the army itself and the quantity is small. Now, therefore, it is inevitable that an Ordnance factory should have surplus capacity, in the same way as parks in a town. The present suggestion is just like asking: why don't you build on all open land in the town? The land is vacant and there is building capacity. The result if we build on all our parks is that there will be no fresh air in the city! In the same way, in the ordnance factory we must keep what appears unused capacity, which can be brought into use only in an emergency. Otherwise, the defence of the country is weakened.

It is often asked: why don't you produce in the ordnance factories a large number of things of common use for civilians, which can be produced cheaper. Of course, we could produce them cheaper if we did nothing else. That apart, if we drive the

trade out of business we have to turn our capacity to defence production and cannot therefore produce the civilian goods that are wanted for the defence forces, they would not be available anywhere. That is one of the bases of ordnance production.

Now, as regards speeding up of production—I do not mean speeding in the way a trade unionist would object—increasing the quantum of production, but achieving self-sufficiency, so that everything that can be made in this country by way of equipment, either in whole or in part, should be made here. This has been Government's policy. So far as we are concerned, we require no prodding on this question and efforts in this way are really like pushing against an open door. We are however limited by certain circumstances. We are limited by the fact of the quantum of money available for this purpose. We have to fit in in the background of the backward economy and industrial development of our people and the comparative poverty of the country as a whole in relation to other countries that are engaged in industrial production in the manufacture of goods.

Secondly, it will be easily appreciated that while it is possible to produce almost any article if we put all our energies into it, we have got also to count the relative cost and whether we can consume the whole of the production. Supposing, for example, some particular piece of equipment we require only 20 or 30 in a year and to be economical we have to produce 2,000 or 3,000, then it is quite a hopeless question. Over and above that, in most countries where industry is advanced, it is possible to obtain smaller parts and components in the ordinary engineering market, the market of industry. For all those reasons, it is not always possible to produce every piece of equipment fully here. But the policy of the Government is to use the

capacity of these ordnance factories to the fullest extent, to introduce into it civilian production in as far as it is not inimical to the interest of the defence of the country. I think, if I may say so with all respect, as I said the other day, while we do not want to create war psychosis, our people are too prone to think that we are living in conditions of hundred per cent security. That is not the case as we should be well aware. Therefore we should not put the ordnance factories in any position where their energies are otherwise employed to the extent that they cannot quickly be geared to the imperative necessities of defence in an emergency. It means this, that when we divert from defence production to civilian production, we have to take care that no equipment is conditioned in such a way that it cannot be quickly reconditioned. That is what happens. I will give an example.

In the last war I am told the railways of India were asked by the British Government of the day to manufacture shells, and it took them three years before they could produce any shells. So, it is all very well to say you can turn one machine into another, but modern engineering is such that some of our machinery is so specialised that it is not possible to turn them as we can turn a hammer or a spanner to different uses. So, it took three years for the railway factories even at that time to recondition themselves to the production of shells.

If we were to turn these things to any uses that were totally divergent from the uses of the Army, we may find ourselves in a position that the basic purposes for which we are maintaining ordnance factories, at great cost to the tax payer, will be defeated. Subject to this, Government is doing everything it can and continues to do so, and as time goes on, puts more and more energy into doing so.

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Recently, I appointed not just an ordinary "committee", but "an exploring team" to find out how many of the parts that we are now importing can be manufactured here, and how much we can take to the designing and redesigning of equipment. Scientific side has been very meagre, largely due to the paucity of men and the paucity of resources. We cannot produce weapon-designers out of the air. We have got to gain experience, and as you will realise, some of these weapons, whether they be vehicles or aeroplanes or guns or anything else, are the result of an enormous amount of research in other parts of the world subsidised by governments. We can only take them at the later stage and adapt them if need be to our purposes. It takes anything from one year to three years before a prototype is produced, and after the prototype is produced, you have got to go into mass production, so that while effort cannot be slowed down, nor delayed, results must take some time. We can always lessen the quantum of time taken, but time there must be.

In addition to this, ordnance factories are Government establishments. The hon. Member refers to civilian production. The essence of civilian production in the free market is competition, of the play of supply and demand, of selling out stocks which will make room for new stock, taking risks and so on. We in government are, however, governed by certain codes of procedure. I believe in the long run, whatever may be the irksomeness of it, some of these restrictions are necessary in the interests of profits and security of public resources, but they come in the way of the kind of fluidity that is possible in a one-man business or private businesses where if there are losses in one commodity it can be made up in another.

You very well know, Sir, that here the Comptroller and Auditor-General is not concerned that the manager or the establishment have done something well and made money on it. He

does not look into that, he simply looks into the item on which there is a loss. The manager cannot say that he has made so much on something else, and therefore his loss on something else is of less consequence. The Auditor-General is working under regulations and he is doing his duty, not only according to his conscience, but also according to his commission. He has to go into these things in the way prescribed. Therefore, there is bound to be a certain amount of retardation of production where production has to be suited to civilian needs and the open free market and not Government guaranteed purchases as for defence material out of our own ordnance factories.

I would like the House to feel that a very special effort is now being made in this direction. There is one aspect of things to which the hon. Member has not referred. It is not only the resources, not only Government policy, not only technique that produce these things. It is the co-operation of the people who manufacture. We have some of the best workmen in the world. Man for man they are good artisans, craftsmen and engineers and I am glad to say that the Defence Ministry has largely been in the happy position of having the co-operation of those who work in our establishments for the community.

There are some, of course, whose services, after an experience of 12 or 14 years, for which the ordnance factories and the community have contributed, have to be terminated because they are not available for the purposes for which they are employed, and then they come to hon. Members of Parliament!

Reference was made to various kinds of equipment by the Hon. Member who spoke. Some of these have nothing to do with military equipment at all. For example, a Land Rover is an agricultural vehicle: it has nothing to do with our defence

production any more than a Cadillac may have for similar purposes.

Shri S. M. Banerjee: It has been mentioned here.

Shri Krishna Menon: I know what I am talking about.

Reference has been made to the Harness and Saddlery factory at Kanpur making boots and so on. I feel that the sort of thing that was said by the hon. Member leave a bad taste in the mouth if not contradicted. Otherwise, I have no intention of pursuing and chasing these stories. In fact, no plan has ever been put forward involving Rs. 27 lakhs or anything of that kind as mentioned by the hon. Member here or elsewhere. I have asked for thorough examination of this story and verified from the papers there are that there has been no question of any plan of this kind which one Mr. Hepburn or somebody like that had put forward! I cannot see any evidence of it. We have no information of Superintendent having put forward a plan involving Rs. 26 lakhs and that it was not sanctioned. There is, so far as our information goes, no foundation for it.

We do not make boots. I do not know what source of information the hon. Member says that we make the cheapest boots in the world. Our ordnance factories do not make boots. We did go into the question of producing what are called Boot Ankles and we found that there were a large number of private factories that were making them, and they were making them cheaply and efficiently. Therefore, it was better in the interest of the country and in the interest of the equipment of the army to let that industry go on.

Shri S. M. Banerjee: May I seek a clarification?

Mr. Deputy Speaker: Let the Minister finish his speech.

Shri Krishna Menon: Reference was made to a firm called Messrs. Cooper and Allen Co. I made some investigation about them. They are apparently a subsidiary of the British India Corporation which was British-owned in days goneby. But whether British-owned or otherwise, it would be certainly inequitous if public interest were to be subordinated to any private industrial gains.

Now, the fact of the matter is that this concern does make these boot ankles, but so do many others! These go on to public tender and the quantity of orders that has gone to Cooper and Allen seems to be appreciably smaller in relation to the whole quantity we take or even in regard to what some others have supplied. Therefore, any suggestion that is conveyed to this House that the Defence Ministry slows down production in its own establishment in order to feed some private stomach is I think, if I may say so, a very regrettable suggestion, and I hope the House will treat it in the way it deserves.

Shri S. M. Banerjee: I never said that.

Shri Krishna Menon: The hon. member has had the privilege of seeing things from the bench and from outside looking only for find possible or imagined faults I have also had the advantage of seeing it from all quarters. I would very much doubt whether the Hon. Member's Employees' Federation would sustain his arguments because these are responsible people there; I have had the advantage of meeting them, and there will be no difficulty on that side which we cannot with give and take overcome.

Then there is the question of cost. There are ordnance factories that make sandals—chappals—and we believe they make them well. There is a certain amount of demand for them. But they cost about Rs. 3 to Rs. 9 when we make them; elsewhere, according to my information, they cost Rs. 4 to Rs. 5. It is quite true that ours last longer but the only

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people who will pay more and buy goods like that in quantity for their lasting longer are the Government. Private individuals usually—not everyone—look to what is cheaper and what looks attractive and buy it. So we make them for the post office and, I believe, for the police in some cases. They are our only customers. We meet all their needs. Even the prices I have mentioned are without taking into account overhead costs, because it is being supplied to government departments. But we could not expand that trade without the Government incurring severe losses by subsidising other people's footwear, and I am sure that is not a position that a Minister can maintain before Parliament or the Public Accounts Committee.

Now, when we come to this Harness and Saddlery factory it is quite true that on account of the fact that the Army has been mechanised, like everywhere else—we have very few animals in the Army—(Interruption), horses in the Army. Horses are counted as part of the Army. Probably, my hon. friend does not know about it as much as he should.

Therefore, we have got the capacity for making them. But these harness and saddlery made in Kanpur are too good for public consumption, that is to say, they are too expensive are too well made for sale purposes. I cannot undertake to advise ordnance factories to produce stuff of subordinate quality because that will affect our defence production and will be against public policy altogether. The harness and saddlery we now produce only in limited quantities. As the House knows normally, any Government establishment produces something only if there is a known demand. They cannot speculate. Therefore, turning from these harness and saddlery, we had to keep the machines engaged making suitcases and crate cases and things of that character which the hon. Member has said were seen in various exhibitions. Well,

the stuff is good; but they are expensive in comparison with what is commercially produced. And, what is more; our experience is that any expansion of that supply would leave goods on our hands. We then would have to face the Public Accounts Committee for infructuous expenditure! The House would not like to have it both ways. We know we have to sell everything we make, on the one hand, and on the other hand, the demand can only be assessed and the assessment must remain the judgment of the people.

It should not be that these Ordnance Factories are some sort of a foster-child left somewhere. The Defence Ministry is very conscious of their existence. A great deal of time of senior officers is taken by these and the Defence Ministers have not themselves regarded them as merely appendages to Defence Organisation. No one is more conscious for this than Government at the present time. Certain circumstances may arise where our dependence on external sources may land us in difficulties. That is, however a difficulty which in part we have to face because whatever we did we could not produce everything; we could not produce some of the parts, we could not produce some of the equipment and we could not afford to put in the capital expenditure that is required for this purpose. Therefore, I hope the House will agree that the path of prudence is to strike a balance between these and try to maximise production with the possible resources and the possible estimates of what is practicable in the circumstances. This is what is being done.

Quite recently, we reviewed the whole of this position. We have put an officer on special duty to assist the Director General of Ordnance and to assist the Ministry in processing these matters and the whole of defence production is continually under review, and for the purpose of clearing bottlenecks of this kind.

But, any suggestion that production is slowed down in the interests of a private party or private interests is a suggestion that, I hope, the House will totally reject.

Any criticism of Defence Organisation which is not substantiated, which throws some sort of obloquy on the Defence Forces, whether armed or otherwise, is not a contribution to their unity and strength. We like to feel as the outside world feels in the matter and, therefore, we want to try any conclusions, if I may say so, if we have to deal with Armed Forces in the combatant and the non-combatant ranks that are equipped for the purpose. It is a great mistake to think that this Ordnance Factory is only known to the Defence Ministry. As I said there are a large number of people employed in these places. The hon. gentleman referred to supernumeraries, the large number of employees we have in the Ordnance Factories.

First of all, Mr. Deputy-Speaker, I think the labour organisations will be the first to object if we start cutting them out because it may be that they would not mind if the white-collar executive went out but if it comes to the question of dismissal of workmen and foremen, we would have avexed question on our hands. We want them to be absorbed in this way. But, they are not retained for any charitable reasons. Most of this production, apart from what you have heard about clothing or some domestic requirements which can be sold, all that is required for the Army requirements require a great deal of precision and requires an enormous amount of care because if defective equipment is supplied to the Army, we weaken the Forces and put them in a difficult situation. Therefore, supervision of this kind is necessary.

And, what is more, Government is responsible to this House and the Houses of Parliament and any lack of care in the administration would land us in difficulties, and we would not

also be discharging our duty by the tax-payers. I must with great respect naturally, reject this suggestion that the administration is top-heavy in our establishments. These ordnance factories are not meant to be mass production factories; the goods that are produced here require high level inspection, engineering and designing and work of that high character. We need not feel that we are in any way expensive in maintaining these establishments. Mr. Deputy-Speaker, as I said, the subject is a large one and I have already exceeded your time.

Shri S. M. Banerjee: The hon. Minister said that there was a plan. In the last session of Parliament, this was the reply that the matter was under consideration. So, I submit that this was not a wrong statement. May I know specifically from the hon. Minister whether there was a proposal or not?

Shri Krishna Menon: I could not hear the question. What I said was about the plant costing about Rs. 27 lakhs referred to and attributed to a gentleman called Mr. Hepburn—I could not find from the papers that we had any other plan. There I did not refer to the whole of boots but a part of the boots which is produced in this place. Boot ankles. We looked it up and we thought that it was not in our interest to sanction it. There is already one of that kind, readily available. There is no security or anything involved in it. Therefore, we go on with it and not spend our money and energy and other resources. The same applies to other things.

Mr. Deputy-Speaker: The House stands adjourned till 11 A.M. tomorrow.

18.03 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Saturday the 7th September, 1957.