

**HALF-AN-HOUR DISCUSSION ON
POINTS ARISING OUT OF THE
ANSWER GIVEN IN THE RAJYA
SABHA ON THE 5TH MAY, 1985 TO
UNSTARRED QUESTION NO. 885
REGARDING AERO DEVELOPMENT
AGENCY FOR LIGHT COMBAT
AIRCRAFT**

THE VICE-CHAIRMAN (SHRI CHIMANBHAI MEHTA): Now we will take up the Half-an-Hour Discussion. And after the Discussion, discussion on the Bill will continue. Mr. Suresh Kalmadi.

SHRI SURESH KALMADI (Maharashtra): Sir, I have raised this Half-an-Hour Discussion on a matter of grave concern to the country, and that is about the Light Combat Air. craft, a project which, the Government says, will cost Rs. 530 crores, but which will definitely go to over Rs. 2,000 crores.

The Defence Minister is new, and, therefore, I think, this Half-an-Hour Discussion is a great opportunity. The Minister also must have prepared on this matter. He could go through this particular matter because this particular project has to be scrapped or modified.

Either this project has to be scrapped or modified. Sir, (/ P.M. for the last 20 years the Indian aeronautical industry has not taken off. The foreign experts have sabotaged our aeronautical industry. Some coterie of people has made sure that India does not develop its own aircraft. This project was cleared without any detailed design or project report. It is a big surprise. I think Rs. 530 crores has been sunk without the project report. It has never happened anywhere in the world.

There is a technological gap in the country for the last 20 years. Our country has not produced even a

single aircraft. Now, all of a sudden we are going to produce a most sophisticated aircraft in the world. How can we do it? After HF-24 we have not produced anything. In HF-24 we have gone in for air-frame, but we did not have any engine. Now, in the case of LCA we are going in for an engine without actually knowing what an air-frame is. No other country has ever planned in this sort of manner.

I would like to say that some people who, are surrounding and who are now in the A.V.A. have recommended after five years that we should import an aircraft. All the money invested in the LCA project has been washed away. At that time, the Indian Air Force has also refused to accept LCA. They have pointed out that this was not a modern aircraft and would be more expensive. In spite of that refusal by IAF, I do not know why Defence Ministry has invested so much of amount.

The two GTX engines, which have been made at Bangalore is also facing a rough weather. I think they will import that engine eventually. They have pointed out that the RD-199 engine which has been bought from Rolls Royce is the engine for LCA. The RD-199 technology is 20 years old. No country in the world has used this engine for their futuristic aircrafts. I will just quote name of two or three countries which are trying to make engines akin to LCA and the year in which they will come out: F-20 (Tiger Shark) by USA in 1986; JAS-39 by Sweden in July, 1986; Lavi by Israel in 1987.

No country has received RD-199. It has become an obsolete engine. Now, our planners and designers are making that engine as a base for LCA. *Any* country in the world will follow a basic concept. For us, there is a basic aircraft and we can always improve upon that aircraft. Take for example, the Soviet Union they are

Sir, Now I come to the Aeronautical Development Agency, which is a registered society. I do not find such type of society anywhere in the world. The registered society is looking into the manufacture of the aircrafts, why this project was not handed over to HAL. What is the need of this society? Who were running this society? I think a bunch of retired people. They are running the Aeronautical Development Agency who have no knowledge of an aircraft. The main *persons* connected with this agency are Dr. Arunaachalam, basically he is a metallurgist, then, we have Dr.

What I would like to say is that you do not know who he is. He is a very very important man in your set-up.

He is the one who is behind the LCA programme. And what is his educational qualification? He is an M.Sc. Punjab University. With this he entered the HAL 20 years back. He came on the basis of a false certificate. Here I have the seniority list of HAL. And it is quoted here; he is a postgraduate—diploma in aeronautics from Imperial College of Science and Technology. He just attended the course. He did not get the degree. I shall come to that later. This is the sort of man who is designing a Rs. 530 crores project.

Sir, I have got a letter here which the Chairman of HAL has written to Mr. A. K. Pandey, Joint Secretary, Defence. In that he says that Raj Mahindra gave a false degree certificate and, therefore, he should not be given extension. Also, he has said that Raj Mahindra is a foreign national. For 20 years he was a foreign national and after a lot of "hulla-gulla" in 1983, he took an Indian passport. His wife is still having a British passport. So a person -with known foreign links has been in the HAL as the Chief Designer for the last 20 years, and he has sabotaged the entire Indian aeronautical industry. About this the Chairman of HAL, Mr. Baljit Kapur, wrote to the Secretary here. What happened? Mr. Baljit Kapur was taken out of HAL. This is what is happening. There is no place for honest officers. And this Raj Mahindra in the U.K. was called Mulk Raj Mahindra. He changed it from "Mulk Raj" to "Raj". He is a good friend of the Rolls Royce Company. He is a good friend of Aero-scope which has set up an office in Bangalore and every evening he is wining and dining there. He has sold our interests to a foreign country. He and his wife went to Europe for a one-and-a-half month vacation. I want to know who paid for his visit and how much foreign exchange was released for his one-and-a-half month jaunt. I would also like to know

what the Government rules are, whether foreign nationals can be in sensitive Defence posts, as he has been for the last 20 years. Now he has been promoted as Adviser and Chief Consultant to the Scientific Adviser to the Defence Ministry, a highly sensitive post. And such a man is sitting right on the apex body sabotaging whatever comes his way. He was involved with the Dornier deal. He was the one who made the contracts. The HAL could have developed an indigenous aircraft. What is the difficulty in making a 20-seater aircraft? We could have done it. We have made the Avro. But it was sold to Dornier. He was the one who was behind the Jaguar deal. So I would like to know what action the Government is going to take. He has made false claims about his educational qualifications. He had a foreign passport till 1983. His wife is still holding a foreign passport. He has opposed your indigenisation. And he has opposed the advanced jet trainer. He is the main person because of whom the advanced jet trainer has not come out, has not seen the light of day. You must have a second look. Let not the same people influence you. It is a question of the entire industry. I have all hopes on you. Have a fresh look. Review the entire project. If you are satisfied after that, we are ready to back you. I only want a rethinking on the entire HAL project. In that direction I would suggest a committee may be appointed consisting of experts like Air Marshal Mehra, Air Marshal Mai. *se*, a committee to review this whole HAL project. There is an investment of Rs. 3500 crores involved. We had raised this question in Parliament about MBT; we have told you so many times. We have been telling you 8 years, in years, in advance. All old retired and retiring people have been packed. None of these retired old people will be there when the LCA comes out. At that time you will come here and say, those people have retired; they are no longer there; we

[Shri Suresh Kalmadi]

are trying these new people. They are playing with the safety of the country. Since 1978 over 800 young aeronautic engineers have left HAL and gone out. They are frustrated because the same people are having a hold over there, they do not allow anybody to come up. Their game is you scratch my back, I will scratch your back. This goes on from Satish Dhawan to everyone in the line. In the last 20 years they have not done a single aircraft. Why are you still entrusting the aircraft to these very people? I would request you to review this whole project and bring in fresh blood if you think LCA project is to be continued and is to be successful. Otherwise, scrap it. It is nothing unusual to scrap projects when you find there is something wrong. Advanced countries have done it. For example, TSR 2, HP70—when people thought something wrong with them, they scrapped them. Then Boeing 702. It has to be done in the interests of the nation (*Time bell rings*). Before I ask my questions I would also like to say, after all the money that is spent, will the LCA be a perfect and proven project? It is unlikely that they will be able to compete with H 16 and by the time its production is complete, it will be totally out of date. Therefore, my question is whether the Government will consider manufacture of advanced jet trainer as a basic trainer and a model fighter in future, whether for the LCA you will consider a better engine, a more modern engine, then the RD 199 which is being designed through Raj Mahindra by the British Rolls Royce, whether you will consider calling eminent people like Mr. Ghatge. He is the only person whose aircraft are still flying. And he is not at all involved in the whole process. He is sidetracked. He should be on the advisory committee alone with other young people, I do not know how he is kept away. And why is the LCA project not being entrusted to HAL? Why should you have

separate project? HAL has got the expertise. It has got a good Managing Director. Give the HAL the responsibility and they will rise to the occasion. My question is whether the Government will set up a feasibility study committee consisting of, as I mentioned earlier, Air Marshal Malse and Air Marshal Mehra, whether criminal proceedings will be started against Raj Mahendra in case it is found that he has given wrong information in regard to his qualifications—he does not hold the degree of the Imperial College as he has given in his data sheet. You must make an inquiry and if it is found that he has given wrong information, he should be in jail today. How is he evading jail? How is he put at the apex body as a chief consultant? Will the Government take action immediately to remove Raj Mahendra from LCA? What is the date by which the LCA will be inducted to the IAF? What is the guarantee that the IAF will accept the LCA? Has the IAF given a guarantee? What is the likely cost of the Low Combat Aircraft which you say will be ready by 1989?

THE MINISTER OF DEFENCE (SHRI P. V. NARASIMHA RAO): Sir, I am grateful to the honourable Member. Shri Kalmadi, for the forthright manner in which he has told us what he thinks are the facts and what he thinks should be done. I would like to assure him that I am always open to conviction and my mind is open. I have no prejudices and no biases. All I can say is that while it would not be possible to scrap this scheme of the LCA, it would always be possible, as an on-going process, to make whatever changes we find necessary as we go along. So, on that score, there need be no fears and I would like to assure him that I would take advice from the most competent quarters, wherever they are, and, as the President of the ADA, I shall discharge my responsibility with full sincerity and conscientiousness.

red to the same and said—and *i* quote:

At the 1982 price index, the project was estimated to cost less than Rs. 100 crores. Shri Kalmadi, in his explanatory note to the Half-an-Hour Discussion and also now, has said that it is going to cost much more. Now, I am not disputing his statement that ultimately, after ten years, when the LCA is ready, we will find that the cost has been much more than what was envisaged in 1982. So, Sir, again let me answer only by quoting what the Department of Defence Production stated to the Public Accounts Committee in its letter of July 21, 1978, when I was not Defence Minister. This is what they slated:

This is the practice, Sir.

"If the country wants to be self-supporting, self-reliant, if the country has to develop the expertise and manufacture many things that are needed for our defence forces, we have to undertake research and development on a wide scale. »»»" it is also correct that when research

[Shri P. V. Narasimha Rao] and development are undertaken on a large scale, there is bound to be some infructuous expenditure, especially in the aeronautics industry."

This brings out the uncertainty inherent in the entire thing, and we cannot meticulously say that this is going to cost only so much, and nothing more. I can very well foresee that at the end of ten years or 13 years or 14 years or whatever the period may be, we will find that we have spent much more than what we thought we would have to spend in 1982.

Now, I have been going through certain figures, Sir, in connection with similar organisation or similar projects in other countries. I have been told on reliable authority that the amount of money that they are spending for a project of this nature, of this magnitude, is certainly very much more than what we have invested. So, from that point of view it is quite possible that at the end of ten years we might find that we have underestimated the costs. That is why one of the main points is that we want to make it. That is the decision now in the case of LCA. If the Indian Air Force thinks that the Air Force is to have it, then no doubt can arise whether we are going to have it or whether we are going to drop it. If the Indian Air Force wants it, I am sure that will be the only criterion or the main criterion in our decision. Now, for the present, the Indian Air Force has told us, and they have given us what is called the air staff target, and according to them a feasibility Report has been prepared and submitted to the Air Headquarters a few days back. This is the further development after I answered questions last time in this House.

At the time of HF-24 development, Government became aware of the importance of two aspects of aircraft development, namely, availability of an

engine around which an aircraft can be designed and availability of appropriate technologies that will have to be inducted for the development of such aircraft. With this end in view, to obtain the necessary R' & D backup to the industry, Government established in the late 50s and early 60s three research laboratories: NAL dedicated to flight vehicle airframe development, GTRE for engine development and ADE for the aircraft systems development. In these intervening years these organisations have obtained considerable capability in their respective fields and participated with HAL in several study programmes for indigenous design and development of aircraft. However, none of the studies came to a stage where the Government is approached for sanction of programmes. The main reason was that there is certain lack of clarity as to the nature of the aircraft development programme is taken up the Government being aware that any development programme will have to find a user response. The Government, recognising the long gestation periods and greater experimental work involved in engine development and the need to have an engine of our own for future aircraft development, supported in GTRE many programmes for sub-systems development, improvements related to engines in use and finally sanctioned the development of GTX family of engines. This is to establish a foundation for the engine industry which is essential for setting up a substantially self-sufficient aircraft industry and reduce the dependence on licence production. But because the engine development takes longer periods of time as compared to aircraft development, the aircraft development is almost always made with a proven engine readily available to reduce the risks in development. Air force initiated studies in the late 70s about an aircraft that can enter into service in the 1990s. This formed the base for the release of AST-201 for indigenous design and development of the Light Combat Aircraft. There was unanimity among the par-

some technologies. If there is some concern among these designers, engineers and scientists, it was that of a bright group of people who wanted to come to grips with a major development programme. Government is glad that in the LCA they have such a programme and we propose to support it to the fullest extent possible. Madam, since Mr. Kalmadi seems to be in a hurry...

SHRI SURESH KALMADI: I am not in a hurry. Please don't miss off anything.

SHRI P. V. NARASIMHA RAO: I will not miss out anything. I don't have to.

Madam, I shall now come to a programme that has been chalked out for the LCA so that if Mr. Kalmadi has any comments on that, I would be happy to take them. Madam, when the GTRE moved to Bangalore in 1961—this is a piece of vital information which I want Mr. Kalmadi and other Members to know—its early priorities included the improvement in the performance of the Marut's Orpheus 703 Engine by developing reheat (after burning) systems and by improving its compressor. Through dedicated component research projects, GTRE was able to develop a demonstrator model of the GTX engine which would be the core engine for a future fighter aircraft project. In 1974, a project to enhance the GTX 37-14 U engine to the demonstrator stage was entrusted to GTRE. And this was completed. In 1975, the GTX B which is called the by pass was taken up as an improvement on the GTX. It is expected to be completed in a year's time. That is, July, 1986 is the date fixed. GTRE has

suggested for the LCA an engine that will have a performance between that of the GTX-37 and the GTX-B. Hence the relevance of the two projects I have just mentioned, quite apart from their own right, to the LCA programme is not to be understated. We are now carrying on the development,

[Shri P. V. Narasimha Rao] both thermodynamic and mechanical, of the GTX-37. Its design must be perfect. Its performance must be proven flawless. This would save time in the development of GTX-35, intended for the LCA.

At this point, I would like to inform the House that the tests that have been carried out so far have been found successful to the extent of 75 per cent RPA'l on the thermodynamic side. I have checked the time-frame, In the next three or four months, the full testing under 100 per cent RPM will be completed. But this is only a part of the story because that will complete only the thermodynamic side of the testing. The mechanical side of the testing also has to be done. Now, Madam, the question before us is whether we continue with the GTX-37 testing on the mechanical side which takes about two or three years by itself and involves an expenditure of R's. 50 to 60 crores or we go to develop GTX-35. Now, this is like the hours of a dilemma. If you go on to GTX-35, it is quite possible that on the mechanical side, since you have not fully satisfied yourself about the reliability of the GTX-37, some defect might crop up in GTX-35 and then you will see that you would be wasting more time than the proper testing of GTX-37 would take. So, We have been considering this. I am not an expert. But we have all considered this and come to the conclusion that something like a parallel process will have to be undertaken. On the one hand GTX-37 will have to be tested on the mechanical side, but not necessarily for the entire period of 5,000 hours because that engine is not going to be ultimately used in the LCA. So, we need not lose three or four years in the testing of GTX-37 alone. So, what we have concluded—and I hope that will be fully endorsed by the technicians also—is that we run it for about 1,000 hours or 1200 hours or 1500 hours and within that time we will be able

to discover the mechanical defects, if any, in the GTX-37, and side by side we will be developing the GTX-35 also because GTX-37 has been proved on the thermodynamic side, and therefore GTX-35 will be in the initial process of development. And if there is any defect within the next one or two years in the GTX-37 on the mechanical side, that defect will immediately be corrected in the GTX-35. So, this parallel process will save us time and save us money because we are not going to spend all those chores; maybe, Rs. 15 or 20 crores will do, and we will be able to play safe, at the same time and minimise the risk that is inherent in it. This is what has been decided. And I hope that this approach will be found feasible. I think it is feasible because to the extent we have discussed, everybody agreed that it is feasible and, perhaps, they are going to take action on these lines. Even the programme of the LCA has been, as I said, taken right upto the completion stage. There have been certain stages fixed already. Now about those stages, I need not read 2 or 3 pages of detail. Those stages have been anticipated, and what will happen in the next year, or the next two years etc, each has been properly delineated. Now, there may be some time-lag; there may be a time over-run in some of these stages but it is for the LCA Committee, the ADA itself to see that if there is any delay, the next stage should not again be delayed, but it has to be telescoped. This is a question of monitoring that is needed to be done, and I can only assure the House that as the President of the ADA, I shall look into it personally and consistent with the quality of the engine or the aircraft, I shall certainly see that wherever delays can be avoided, we shall avoid the delay. We will have the necessary autonomy to do that; we do not have to go to the Government and, again, to the Finance for the whole examination, and

SHRI P. V. NARASIMHA RAO: Since there does not appear to be any additional point calling for a separate answer—I am talking only of the answer, mind you—I shall content myself by saying that I stand by what my predecessors have already said in Parliament, more than a year back. This does not preclude me as the President of the ADA, to take any action which I feel necessary as I go along. I must make it very clear. But as of this minute. I have gone into the records. I have gone through whatever they have said and

[Shri P. V. Narasimha Rao] find that I have nothing to say, nothing to add to what they have said.

SHRI SURESH KALMADI: As I said, he has been sabotaging the aeronautical industry for the last twenty years. The Defence Minister is shielding this particular gentleman. I do not know why.

SHRI P. V. NARASIMHA RAO: We are talking of two different things. I am on the question of a particular individual. The same points, the same questions have been answered, in regard to that particular individual, already. Unless I have to differ from my predecessors, I have nothing to say. I do not differ. I have no reason to differ from them. As you say, in the interest of the project, what is to be done, is of course always open to me to consider.

SHRI SURESH KALMADI: Will you please look into this aspect? This is the only assurance I want.

SHRI P. V. NARASIMHA RAO: It is open to me to consider. I seem to have done a very good job in satisfying Mr. Kalmadi in record time. Therefore, I would not like to take any more time of the House.

THE DEPUTY CHAIRMAN: It is not really in record time. I think, now, Shri Hukumdeo Narayan Yadav and Shri Kapur would not like to put questions because the Defence Minister has already explained the position elaborately.

श्री हुक्मदेव नारायण यादव (बिहार):
 उपसभापति जी मैं कुछ ज्यादा सवाल
 तो नहीं पूछूंगा . . .

उपसभापति : टाइम तो खत्म हो
 गया . . .

श्री हुक्मदेव नारायण यादव : टाइम
 तो हो गया । लेकिन कलमाडी साहब
 ने जो सवाल किया है, जिस व्यक्ति के
 बारे में, उसका डिटेल उत्तर मंत्री जी
 देंगे या पूरा विवरण देंगे, यह तो लगता
 नहीं है । लेकिन मैं सरकार से केवल
 यह जानना चाहता हूँ कि उन्होंने खुद
 ही बताया कि एक व्यक्ति के खिलाफ
 दोनों सदन में लगातार प्रश्न होते रहे
 हैं और सरकार उत्तर देती रही है ।
 तो क्या सरकार की नजर में यह महत्व-
 पूर्ण नहीं है कि लगातार किसी व्यक्ति
 के खिलाफ दोनों माननीय सदन में प्रश्न
 उठते चले आ रहे हैं, तो जरूर कुछ
 न कुछ होगा ? इसलिए क्या सरकार
 इस बारे में जांच कराना चाहती है या
 नहीं ?

दूसरा उन्होंने प्रश्न उठाया था कुछ
 विदेशों से तालमेल का था उनकी
 पत्नी विदेशी हैं । यह प्रश्न भी रक्षा विभाग
 के लिए महत्वपूर्ण है या नहीं ? मैं नहीं
 जानता कि क्या सरकार के सामने कुछ
 कायदा-कानून है या नहीं कि रक्षा विभाग
 में महत्वपूर्ण पद पर कोई कार्यरत है,
 वह विदेशी महिला से शादी करना
 चाहता है, तो वह सरकार से अनुमति
 लेगा या नहीं ? बिना सरकार से अनुमति लिए
 वह शादी करता है, तो क्या इसके लिये कुछ
 सरकार के पास कानून-कायदा है या नहीं,
 यह जानना चाहता हूँ ।

श्री पी० वी० नरसिंह राव : कुछ
 शादी की बात कर रहे हैं, तो ..

THE DEPUTY CHAIRMAN: Hon. Minister, you mentioned about some marriage?

SHRI H. L. KAPUR (Nominated): (The hon. Member has already married when he here. The question, therefore, not arise. Madam Deputy Chairman, we are grateful to the Defence Minister for giving us a very vivid and detailed account of what the ADA stands for and what arrangements are being made to see that this national project of great eminence and importance which will bring us to the of self-reliance, goes through and goes through successfully. I do not want to repeat and I do not want to bring in personalities, but the only thing that one is very very doubtful about—although you have given us an assurance—is, taking into consideration the technological capability as it is today, will you kindly tell us—I will ask only two or three questions; I do not want to go into many other details—what is the technological status, particularly in the field of aeronautics, of the men of ADA, the Society which has been registered? What is the technological status of these men who are supposed to constitute the ADA? I am given to understand, I may be wrong, that you have intentions of taking on or engaging a number of consultants. Obviously, we have not got that kind of technology in metallurgy as well as in avionics and things like that, be this aircraft will have all the sophisticated black boxes etc. So is the professional status of the design and research and development agencies to absorb the high technology which the consultants will impart? And, how many consultants do you wish to engage and how will the efforts of these consultants be coordinated and translated into reality? And finally, after the ADA has reached a certain stage—after all it will go through feasibility report, it will go through project report, it will go through all the cycles that you have in mind—at what point of time would

the entire thing be handed over to-HAL for bringing out the prototype and therefore what programme has the HAL got to proceed along the same lines as the ADA is proceeding?

SHRI P- V. NARASIMHA RAO: Taking the last question first, I would like to say that the HAL is completely and fully involved in this programme. Now the HAL will take on itself whatever the agency or the LCA programme enjoins on the HAL to take on. It will not be possible for me to give any details. I can certainly send details if any Member wants details; I am prepared to give them. I do have them at the moment. As we go along, there may have to be changes and as the changes come, even those changes I am prepared to give to the hon. Members.

Now, this status of a particular engineer who is working in this field ' is not a pre-determined status. We will have to, as I see it, train many people for this particular job. We do not have any people who can say, right now I am able to tackle this job successfully." That kind of engineer is not available probably in our country. So as we have done in other cases, after all we have given training to our engineers on many projects and that training has gone so well that they have been able to take over the responsibility of the project from the foreign trainers and foreign experts who were working until then, so this also will have to be on the same lines. And the number of con. sultants also, naturally we will not have too many consultants, but if there is any need for consultancy, may be for a period of time, naturally we will have to go in for consultants. These consultants, if we consider them competent and if we consider them necessary, they would have to be appointed. But right now it will not be possible for me to give either the number of consultants or the fields in which consultancy will be needed. As I said, we are in the initial stages. Something has been done, some work has been done, and

[Shri P. V. Narasimha Rao] as we go along we will have to take decisions on a pragmatic basis on all these matters.

THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES (AMENDMENT) BILL, 1985—Oontd.

SHRI JAGESH DESAI (Maharashtra): Madam Deputy Chairman, I rise to support the MRTP Amendment Bill. While supporting this Bill I would like again to emphasize that the policy of the Government is to restrict the vast economic power in the hands of a few to the detriment of the public interests. That is the basic policy of this Government and it is going to remain so.

[The Vice-Chairman (Shri Santosh Kumar Sahu) in the Chair].

Mr. Vice-Chairman, many Members on this side and that side expressed their fears and anxiety that enhancement of this limit to Rs. 100 crores will hard hit the small-scale industries. This fear has to be removed and I feel that if the Government decides that any expansion or new units to be established in future by these monopoly houses will not manufacture any goods which are at present being manufactured by the small-scale industries — if this is done—then this fear can be removed.

Sir, there are many sick units in the industries covered by the MRTP Act. Are they always to be kept sick? Are they not to be nursed in order to make them healthy industrial units? That is why, when new units are to be established"—because now they will be having up to Rs. 100 crores—we have to see that all those sick units with these monopoly houses covered under the MRTP Act will not be allowed to establish another new unit till the sick units are taken care of. If this is done, this kind of a disease which is prevalent in this

country, that is, siphoning off funds of one industry to other industries giving very huge profits, can be stopped. We have also to see that these new industries to be established should be in backward areas only. Now when they will have surplus funds under the amended MRTP Act, we have to see that they are established only in the industrially backward areas. If this is done the even development of the country can be achieved and wherever there are no opportunities in the backward areas, they will get opportunities.

We have also to see that only basic industries are established now under this MRTP Act, for expansion only of basic industries. But in case it is in the interests of the nation that they have to manufacture consumer goods, in that case the total production of the consumer goods should be taken over by the Government to be distributed through the public distribution system, and for that purpose the Bureau of Industrial Costs and Prices, in consultation with the monopoly houses, should fix the prices and the prices should be such that the profit is reasonable. If this is done then the fear that the prices will go up and that they will manufacture only those goods where there is huge profit can be dispelled. That is why I request the honourable Minister to see that they are only allowed to manufacture basic industrial goods and not consumer goods but, in case it is required, then it should be only with this condition. If this is done, then the people will get the goods which will be sold with a reasonable margin of profit.

Secondly, we have seen that these houses do not utilise their fullest installed capacity. There are some industries where the margin of profit is low. But in these industries, even though the installed capacity is much higher, they do not utilise it. They invest in some other industries where there is good margin of profit. That is why they are not utilising it. So,