

RAJYA SABHA

thursday, the 5th March*, 1976/5th
Chaitra, 1898 (Saka)

The House met at eleven of the
clock, Mr. chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Rate of industrial growth

*362. DR. V. B. SINGH.-
SHRI SANAT KUMAR RAHA;
SHRI HARSH DEO MALA-
VIYA: SHRI SARDAR AMJAD
ALI: SHRIMATI LEELA
DAMODARA MENON:

Will the Minister of INDUSTRY AND
CIVIL SUPPLIES be pleased to state:

(a) the rate of industrial growth
during the years 1974-75, 1975-76;

(b) what is the estimated rate of
growth for the year 1976-77; and

(c) what steps are being taken for
ensuring higher rate of production during
1976-77 ?

THE MINISTER OF INDUSTRY
AND CIVIL SUPPLIES (SHRI T. A.
PAI): (a) to (c) A statement is laid on the
Table of the House.

Statement

(a) and (b) The growth of industrial
production in 1975-76 is likely to be of
the order of 4.5 per cent, exclusive of the
small scale sector, as against 2.5 per cent
in 1974-75 and 0.2 per cent in 1973-74.
Quarterwise data show that the rate of
growth of industrial production during
the second and the third quarters of the
current year averaged more than 5.5 per
cent as against only 0.7 per cent in the
first

The question was actually asked on
the floor of the House by Dr. V. B.
Singh.

43 RS—1.

quarter. The growth rate this year would
have been even higher but for the
negative growth in cotton textiles and
automobiles.

So far as 1976-77 is concerned, pend-
ing the finalisation of the sectoral targets
in the context of the Annual Plan for
1976-77, a precise estimate of the likely
rate of growth has not been made. So far.
However, according to present trends, it
is likely that the rate of growth in
industrial production during the year
would be significantly higher than in
1975-76.

(c) Government have taken a number
of steps to ensure a higher rate of
production during 1976-77. Among them
are measures such as streamlining of
licensing procedures to stimulate
investment and ensure fuller utilisation of
installed capacities, adequate provision of
imported and indigenous raw materials
and measures to improve off-take of
controlled cloth and stimulate demand for
building materials and commercial
vehicles, etc. In addition, measures
announced in 1976-77 Budget proposals
are likely to make a major impact on the
rate of growth of production and invest-
ment in the economy.

DR. V. B. SINGH: The hon. Minister
has given the overall rate of industrial
growth. May I request him to give the
sub-sectoral rate of growth under the
following: (a) public; (b) private; and
under 'private' large-scale, small-scale
and self-employed?

SHRI T. A. PAI: I cannot give him the
complete information that he has asked
for. So far as the public sector growth is
concerned, in the heavy industry it has
been as much as 35 per cent. In the public
sector, as a whole, it has been 15 per cent.
The figures of growth indicated here do
not reflect the small-scale sector because
we never had this census. I shall be able
to give the figure contributed by the small-
scale sector, which may be around
1 to 1.5 per cent, i.e. continu-

ing our growth rate from 4.5 to 5.5 or 6 per cent this year.

DR. V. B. SINGH: This average conceals several important factors regarding the national growth and the pattern of growth. I congratulate the hon. Minister for attaining a rate of growth of 35 per cent in heavy industry. I also congratulate the Government on attaining a 15 per cent rate of growth in the public sector. At the same time, the statement says that negative growth in cotton textiles and automobiles has been responsible for the lower rate of growth in the private sector. It is admitted that there is an increasing gap, after the emergency, between the rate of growth of the public sector and the rate of growth of the private sector. This will ultimately lead the economy to a stage of disproportionality between capital goods industries and consumer goods industries. The former being in the public sector and the latter being in the private sector, this might lead to recession of an unprecedented order. What is the Government doing to avert such a situation?

SHRI T. A. PAI: The growth in the public sector has been achieved by trying to lay emphasis on the present orders being completed in time and a continuous effort is made to utilise the higher and higher capacity installed. Well, as a result we were thinking that we might not have orders for one or two years to come, but I think the decision of the Government to go in for heavy investment by 35 per cent should enable the public sector capital goods industry to have adequate orders. So far as the growth in the private sector is concerned, in some sectors the growth-rate has been 25 to 30 per cent, but in the case of some industries which are seriously affected by recession like fans, they contribute a very small percentage to the overall growth. I suppose now with the decision that the Government have taken, it should be possible for us to accelerate growth in those

sectors also. With all the effort at growth that we are looking forward to, I would not be satisfied without a growth-rate of ten per cent this year.

SHRI SANAT KUMAR RAHA: May I know from the hon. Minister whether the Government have studied why, despite relaxation of fiscal and monetary discipline as well as the various concessions allowed to the employers, the private sector is lagging behind in productivity and production? Has the Government considered whether lay-offs and closures on the part of the private sector owners are not responsible for these things? Production in the private sector has lagged behind. And what steps will the Government take to raise production in the private sector as well as its productivity, productivity of labour as well as the factory capital so that the private sector works in a disciplined manner to raise our national production?

SHRI T. A. PAI: Sir, I would not like to generalise it sector-wise. We have been watching the performance of industries. For example by keeping a careful watch over the cement industry and trying to sort out their problems of inputs like coal last year we have been able to get an output of nearly two million tonnes more than the previous year's output with the existing capacity. Similarly, monthly production figures of all the industries are now under review and those industries or industrial units which are affected are being closely monitored to see that they are put back on the rails and production is ensured.

SHRI HARSH DEO MALAVIYA: Sir, in reply to the question of the hon. Member, Dr V. B. Singh, the hon. Minister said that he is not in a position to give the contribution made by the small-scale units to our **total** industrial growth. But, here, **Sir**, surprisingly I have got a cutting from a magazine published by the Federation of Indian Chambers of Commerce

and Industry and they say that the share of the small-scale units in the total industrial production is rising steadily, and that in 1975 their share is expected to be 38 per cent compared to 35 per cent in 1972. It is a very significant contribution. And the Editor is quoting an official review. My question to the hon. Minister is, in view of the tremendous contribution being made by the small-scale units towards our industrial growth, what steps he proposes to take or what steps his Ministry is taking to encourage production in small-scale units which depend very much on Government help and encouragement.

SHRI T. A. PAI: Undoubtedly, the small-scale sector has been making progress and contributing more and more to the production. But we did not have the capacity utilisation figures in the small-scale sector until recently, until we went into an exercise for having a census. Now, many of them remain closed on account of some difficulty here or there. We have now taken special care to study their problems and see that the old units which have become sick are encouraged to be revived again and the fullest support is given to the expansion of the small-scale sector.

SHRI KALYAN ROY: Sir, Mr. Subramaniam stated in the House the other day that there has been a sharp decline in the payment of dearness allowance and consequently the cost of production has gone down. But it has not been reflected in the prices of manufactured goods. And the West Bengal Government came out with a bulletin which was published yesterday, which stated that in spite of cases of large-scale lay-off and retrenchment, unions have avoided work stoppage. On the one hand, half a million workers are thrown out of employment and their dearness allowance is cut down and, on the other, the private sector is not utilising its full capacity. And the

Ministry of Industry is just watching their sabotage of the 20-point programme.

SHRI T. A. PAI: Sir, this is a wild allegation that is made and I refute that allegation first. Secondly, so far as lay-offs are concerned, on account of bad industrial relations also sometimes this has taken place ...

SHRI KALYAN ROY: This is absolutely false.

MR. CHAIRMAN: When the Minister is on his legs, you should not interrupt.

SHRI T. A. PAI: I can only give you the facts as they stand. Not everybody is either not guilty or guilty. I am only saying that I do not want to generalise things. Regarding those who go against the law of the country, we have recently passed legislation by which illegal retrenchment or illegal lay-off will be taken care of. I think we are going to proceed against that. So far as we are concerned, we are interested in normal relationship being maintained and in maximum production being reached. So, industry-wise, unit-wise, a study is being undertaken and we shall take appropriate steps.

SHRI NABIN CHANDRA BURAGOHAIN: I am very happy with the present overall industrial production. But I would like to add a 'but'. In spite of the concessions given to the private sector for establishing industries in the northeastern region, the private capital invested there is very meagre and, therefore, the rate of growth is almost negligible. As a result of this, the difference between the development of this region and other developed regions has been accelerating enormously. Therefore, may I ask the hon. Minister of Industries to have a plan for establishing public sector industries in that region and absorbing the local resources not only to develop that region, but also to enable the agitated minds there to get inspiration to develop the area, though it is far, I far behind others.

SHRI T. A. PAI: Unfortunately, with the resources available with us, to extend the public sector to every district and every part of the country, however laudable it may be, is beyond us. So, far as the efforts to attract industries to backward areas are concerned, we are trying to do it. But if the concept is that the finance would come from the public financial institutions, it is not true. Unless the leaders of the backward areas take up the responsibility for mobilising capital even through small share-holdings, industrial production will be difficult. I wish this aspect is borne in mind.

SHRI T. V. ANANDAN: I am glad to note the industrial growth in our country. Whatever may be the reasons for this, the main reason is that the working classes in this country are now operating without any hesitation and that is because of the emergency in this country. The political parties who were instigating the workers to strike are now lying low. Before the emergency is revoked, will the Prime Minister consult all the political parties and get an assurance from them that they will not indulge in strikes and agitations in this country?

SHRI T. A. PAI: The suggestion is noted.

SHRI R. NARASIMHA REDDY: Will the hon. Minister tell us whether the sharp reduction in the purchasing power of the masses and the consumers due to the steep fall in the prices of agricultural commodities is beyond to adversely affect the industrial growth in 1976-77 and, if so, how he proposes to meet this problem?

SHRI T. A. PAL- Sir, this is a very difficult question to answer. Very probably most of the industries accept that if there were good agricultural prices in the past, their demand

recession will go. But there is also the other side. When the prices have fallen and there is some little purchasing power left with the urban population, they will constitute the market for manufactured goods.

श्री गुणानन्द ठाकुर : माननीय मंत्री जी ने सदन में जो फ़ीगर्स दी हैं और जिस प्रकार से इमरजेन्सी के बाद हमारे देश में इंडस्ट्रियल ग्रोथ बढ़ी है उसके लिये वे बधाई के पात्र हैं। लेकिन क्या माननीय मंत्री जी यह बताने की कृपा करेंगे कि हमारे देश में जो ले-आफ़ हुए हैं या क्लोजर हुए हैं उनके चलते लाखों लाख सजदूर बेकार हो गये हैं और इसके कारण प्रोडक्शन में भी कमी आती है, इसलिए क्या सरकार इस प्रकार की कोई व्यवस्था करेगी जिसमें कारखानों के जो वर्कर्स होते हैं उनका भी कारखानों के चलाने में हाथ हो ताकि सजदूर अधिक उत्पाद से हमारे देश की इंडस्ट्रियल ग्रोथ को आगे बढ़ा सकें ?

SHRI T. A. PAI: The Government would certainly take care of the factories which are of strategic importance to the country because we cannot afford to allow them to close down naturally. Wherever the capacity is created with the assistance of public finances and wherever such capacity is utilised for providing commodities for the country, we will take care to see that such units are returned to normalcy and continue production. So far as the workers' participation is concerned, this is a philosophy which we have accepted officially. And, Sir, I don't think that we need emphasise this in the case of sick units.

SHRI ARVIND GANESH KULKARNI: Sir, the honourable Minister has said something about the demand recession which he has seen in some sectors of industry. Keeping in mind the favourable conditions in certain sectors of industry and the demand recession in other sectors of industry, I think

the budget has made valiant efforts to boost economic growth. Now, Sir, I would like to know whether the honourable Minister thinks that this demand recession can be taken care of only by budgetary means or boosting the economy is required to be done by investing more funds in the rural areas and creating more purchasing power among the poor people, among the rural people. I would like to know what steps the Minister is going to take in this direction.

Secondly, Sir, he has rightly mentioned in reply to an earlier question that the small-scale industries are growing and the Government is giving the maximum assistance to them. I think he is aware of the long-standing demand so far as this sector is concerned. These small-scale industries have been handicapped and they have been demanding some statutory protection and this demand has been made in this House and also in the other House for the last ten years Or so and it has been denied. Will Mr. Pai assure us that the small-scale industries will get the statutory protection which has been justifiably demanded and promised and assured quite often?

SHRI T. A. PAI: Sir, we went into the question of having a separate legislation for the small-scale industries. But, Sir, we thought that it was not wise, after consulting some of the leaders, and we propose now to amend the industries (Development and Regulation) Act and we propose to have a separate chapter providing for special protection to be given to the small-scale industries.

So far as the other part of the question of the honourable Member is concerned, the strategy that has been evolved in framing this Budget is to make investments in such sectors which will have a multiplier effect on the entire economy and I hope the demand factor also is taken care of. But, in spite of that, if a few industries in this country are not able to sell

what they produce, my own suggestion is that the industrialists will have to be more careful and they should look to the consumers to find out what they want and sell them what they want rather than expecting the consumers, as in the olden day«, to come to them.

MR. CHAIRMAN: Yes, next question.

Constitution of New All India Services

♦363. SHRI PIARE LALL KUREEL
URF PIARE LALL TALIB:
SHRI KHURSHED ALAM
KHAN:† SHRI JAGDISH
JOSHI: SHRI KASIM ALI
ABID: SHRI IBRAHIM
KALANIYA:

Will the PRIME MINISTER be pleased to state:

(a) what is the number of new services recommended and the actual number of new services constituted during the last three years in accordance with the All India Services Act as amended in 1963, wherein a provision was made to constitute a few more All India Services; and

(b) what action Government propose to take in respect of those recommendations which have not been implemented?

THE MINISTER OF STATE IN THE DEPARTMENT OF PERSONNEL AND ADMINISTRATIVE REFORMS (SHRI OM MEHTA): (a) and (b) The All India Services, Act, 1951 was amended in September, 1963 to provide for the creation of three new All India Services, namely, Indian Forest Service, Indian Medical and Health Service and Indian Service of Engineers. The Indian Forest Service has been constituted with effect from 1st July, 1966. The position regarding the remaining

•j-The question was actually asked on the floor of the House by Shri Khurshed Alam Khan.