

to set aside one selection panel because it was found that corrupt practices were there. In view of these things what steps do the Government propose to take to remove all these possibilities of corruption in the regularisation of casual labour, under the contract system and in the procedure of selection for promotion?

SHRI PARIMAL GHOSH : The Government is not aware of any specific cases of corruption going on here and if anything comes to our notice immediate action is taken. Regarding the particular case which the hon. Member has mentioned about a Service Commission I do not have any information now and regarding the procedure if any specific difficulties are there I can look into the matter.

FICCI NOTE ON RECESSION TO GOVERNMENT

*391. **SHRI HARISH CHANDRA MATHUR :** Will the Minister of INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS be pleased to state :

(a) whether the Federation of Indian Chambers of Commerce and Industry submitted a note to Government on recession, analysing the causes and suggesting the remedies;

(b) if so, what is Government's reaction in the matter and what action, if any, has been taken in this regard; and

(c) whether Government's policy of liberal imports of spares and components has also been indicated in the note as one of the causes?

THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS (SHRI BHANU PRAKASH SINGH) : (a) While no note has been formally received from the Federation, they have circulated a pamphlet titled "Industrial Recession—Causes and Cures" a copy of which has been obtained from them.

(b) The causes for the current recession in certain sectors of industry indicated by the Federation are, by and large, the same as have come to the notice of Government partly through Government's own agencies and partly

through the special Reporting System introduced by Government early this year. On Government's own initiative, and in keeping with the suggestions received from some of the units addressed under the Special Reporting System which incidentally are among the suggestions noticed in the pamphlet circulated by the Federation, concerted efforts are being made by Government to combat the recessionary trends in the sectors of industry mainly affected. The steps taken to counter the recessionary trends include the review of various development programmes with a view to reviving the demand for capital goods to the extent possible, as in the case of railway wagons, structurals, machine tools, etc., encouraging diversification in the manufacturing programmes of the affected industries; emphasis on the development of regular export markets through stronger marketing structures both for the public and private sectors; banning of imports to the extent the indigenous capacity can meet the requirements, including a review of imports already authorised but not irrevocably committed, and the announcement of a new credit policy in a bid to counter the recessionary trends in the country.

(c) Yes, Sir.

SHRI HARISH CHANDRA MATHUR : Mr. Chairman, Sir, my first question is in respect of parts (a) and (b) of my question. You will recall in this House the hon. Deputy Prime Minister said that there is a recession in certain industries, not in all, and he particularly mentioned that in the agricultural industry there was increased production. Now in this note which they have submitted it has been stated that in the case of boilers the idle capacity was 28 per cent in 1965 and it is 66 per cent in 1966. I want particularly to draw the attention of the hon. Minister to the recession in respect of agricultural machinery. The idle capacity was ten per cent and now it is 76 per cent, about which the Deputy Prime Minister says that there is over-production. The statement says that instead of ten per cent idle capacity in 1965, it was 76 per cent in 1966. Also, in respect of the electrical industry not only most of the State Governments had to freeze their orders, they had also to cancel the orders which they had already given. The cable industry and the transformer

industry have been affected. There will be power generation in Rajasthan from atomic energy, etc. but there is no provision for transmission line so, the electrical industry is languishing at the present moment and they will not be able to utilise even the available power. The Development Commissioner for Small Industries has suggested to the Minister to place orders for machine tools, purchase and export them, so that the small-scale industries might be kept going. May I know the reaction of the hon. Minister to the position regarding the agricultural implements industry, the electrical industry and the small-scale industry, in particular.

SHRI FAKHRUDDIN ALI

AHMED : As has been pointed out in my reply to the question, so far as their note is concerned, which includes the programme for power, transport and Railways, there has been a slackening of demand in a large number of industries, on account of which there has been a recession. It is true that on account of the bad crops in the last two years, there has been less amount of money with the agriculturists with the result they have not been able to put forward demands for many things, which they require for the purpose of agriculture. There has been recession in that industry also, but we hope that with the improvement in agricultural production, perhaps there will be more demand from that sector and it will be possible for the agro-industries to improve their position in the current year and more so in the next financial year. So far as the Government are concerned, we are trying to see how far the developmental programmes of the Government can be reconsidered and more investments made in the various sectors in order to improve the situation. In fact, so far as the Railway Ministry are concerned, they had placed an order for 10,000 wagons, but after our persuasion they have been able to increase the number from 10,000 to 16,000, an increase of 6,000 wagons. In the same way, we have made an effort to get some orders from outside. An order from Hungary has been received and an order worth Rs. 8 crores has been received from South Korea. We are trying to get further orders from East European countries so far as wagons are concerned. So far as structurals are concerned, we have made an effort to get an order from the Bokaro plant. Also, the Steel Ministry has

agreed to provide steel structurals at the international price, with the result it will now be possible for us to export a large number of structural goods outside our country. In the same manner, we have taken some action so far as the machine tool industry is concerned. Now, there is a greater possibility of diversification and we have gone in a big way to make an attempt so that we can diversify our activities and allow the machine tools not only to be utilised for various things in our country but also export them outside our country. In order to boost up the export of machine tools, it has been decided to increase the cash subsidy from ten per cent to twenty per cent. In this way various steps have been taken and I hope that within the next six months the steps which we have taken will show some improvement and to a certain extent it may be possible to overcome the difficulty which we have been facing during the last two years.

SHRI HARISH CHANDRA

MATHUR : I will refer to part (c) of my question. How will the Government explain its own conduct in contributing to the recession by ordering indiscriminate imports? The industries themselves, the Federation and the Small Scale Industry have complained that those parts and components, which can be manufactured in this country, have been indiscriminately imported. Even the Board of Trade has complained. I will just read out three facts. Even at a meeting of the Board of Trade, presided over by the Minister of Commerce, it was complained by the industrialists themselves. Shri Padampat Singhania complained that 25,000 tonnes of aluminium was imported by the STC in the face of plentiful indigenous supplies. The representatives of the chemical industry had a similar complaint to make and then Shri Kirloskar criticised the import of compressors from Japan, irrespective of the fact that these were available indigenously. Mr. Chairman, I put questions only after I have exhausted all other sources. I wrote a letter to the Prime Minister saying that these indiscriminate imports of various components were going on at the cost of our indigenous production. The Small Scale Industry has complained. The Federation has complained. The Board of Trade has complained. How you are doing all these things—I do not know, but we are led to the inevitable conclusion that either there

is incorrigible corruption in the Department which is granting these licences for imports or there is something very stupid. I do not know whether they are knaves or fools. The hon. Minister will have to explain to this House and to the country as to how these things are being continued in spite of our pointedly bringing them to the attention of the Government. I also wrote to the Prime Minister. Will the hon. Minister explain how such things have happened and what action he proposes to take in the matter?

SHRI FAKHRUDDIN ALI AHMED : This matter has been engaging my attention. I found that, though there have been some imports of spare parts and components, which we are manufacturing in our country, the contracts were entered into a long time before we had actually adopted the policy of stopping such imports. As far as I am concerned, after our decision not to import such things as are indigenously available in our country, I think no fresh contract has been entered into, and if anything has been imported it is because of the previous contract entered into over which we had no control.

SHRI SITARAM JAIPURIA : The recession in the country has at least created one thing and that is the lack of confidence of investors in the capital market. The hon. Minister has admitted that the Federation has sent him a pamphlet. I understand that a deputation met him a number of times. A number of other Chambers of Commerce have sent their deputations and met the hon. Minister, but the reply invariably has been that the matter is under the active consideration of the Government. From what the hon. Minister just now mentioned it appeared that he has been able to persuade the other Ministries to place certain orders, even though the necessity was not so great. May I know from the hon. Minister exactly why they are finding it difficult to make a public announcement of their policy in the matter to meet this recession in this country, and will he consider appointing a Committee of the House so that this matter may be gone into by both the Houses of Parliament, so that this important question which will affect the entire economy of the country for many many years to come could be tackled once and for all?

SHRI FAKHRUDDIN ALI AHMED : As I have already stated, there is not only our own agency, but we have set up an organisation in order to ascertain from 300 leading industrialists what are the causes of this recession, what suggestions they have to make, and the suggestions which we keep on getting from these persons are being examined by all the Ministries concerned, and also the actions suggested by them are taken into consideration, and whatever is possible on the basis of their report or on the basis of their suggestions we are taking action in order to improve the situation. I do not think any further Committee is necessary to go into this question, because the reasons are obvious, and it is only a question of how soon we can overcome those reasons in order to improve the situation.

SHRI M. M. DHARIA : Mr. Chairman, while appreciating the efforts of the hon. Minister, we have been bringing to the notice of this House and to the hon. Minister regarding the imports that are being made against the assurances given by the hon. Minister. It was assured in this House during the last session that only six rice mills would be imported from Japan. Only in the month of November the Chairman of the Food Corporation declared that they would be importing 24 new rice mills from Japan. In our country the rice mills could be manufactured and they could be compared with any rice mills manufactured outside our country. Here in our country diesel marine engines are being manufactured by the industrialists. They also could stand any competition in the world. In spite of this fact even today we have been importing more than 50 per cent of our requirements of diesel marine engines from the foreign countries. There are so many items that are being imported even though it is possible for us to produce these machines and these imported components in our own country. May we know what is the co-ordination between the Ministry of Industry with the other Ministries? The Agriculture Ministry and the Commerce Ministry have been importing anything against the assurances given by the hon. Minister, and that is the reason why this recession could not be controlled. Will the hon. Minister assure this House that he will immediately convene a conference of the Ministries concerned and see that no imports are made?

If there are any contracts and if it is possible to cancel these contracts, why should that effort not be made? My information is there are vested interests who are interested in getting their commissions. There are even deals. That is the main cause of these imports. There is no control whatsoever of the Ministry of Industry. Will he assure the House that this state of affairs will not be continued and all possible efforts will be made to see that whatever could be indigenously produced in this country is not imported from outside?

SHRI FAKHRUDDIN ALI AHMED : As I said, my understanding has been that only in respect of contracts entered into before we took a decision certain things are flowing into our country even though they are indigenously produced. But as the hon. Member suggested, I will certainly call a conference of all Ministers concerned and see that the policy is further pursued.

श्री सुन्दर सिंह भंडारी : मंत्री महोदय ने इस बात को स्वीकार किया है कि देश के अंदर जो रिसेशन आया है उसका कारण यह जो चीजें इम्पोर्ट हो रही हैं उसके कारण ही है लेकिन यह जो कुछ इम्पोर्ट हो रहा है वह पहले किये गये वायदे का है, यदि यह पहले के वायदे का नहीं होता तो शायद आप उसको रोकने की कोशिश करते। लेकिन बावजूद इसके भी वह आ रहा है। मैं यह जानना चाहता हूँ, ये जो आर्डर्स प्लेस किये जाते हैं उनका माल यहाँ आने के लिये क्या कोई समय निश्चित रहता है या पहले के दिये आर्डर्स कभी भी आ सकते हैं और हम उसको रोक नहीं पाते ?

दूसरा सवाल यह है कि अभी तक ऐसे कितने पैन्डिंग आर्डर्स हैं कि जो हमारी इकानामी को तो प्रमोट नहीं करते परन्तु उनके लिये आर्डर दिये जा चुके हैं इसलिये अभी भी वह आयेगें ? क्या मिनिस्ट्री के पास इसका कोई रिकार्ड है, क्या उनको कोई जानकारी है कि ऐसे और

भी कितने आर्डर्स पैन्डिंग हैं जो इस देश की रिसेशनल कंडीशन को बिगाड़ने में कामियाब होंगे ?

श्री फ़ख़रुद्दीन अली अहमद : अब यह तो हर एक एग्ज़ीमेन्ट के ऊपर मुनहसिर है कि उनकी टर्म्स क्या थी, कितने वक्त के अंदर ये आर्डर सप्लाय होने चाहिये थे, यह सब सप्रीमेन्ट देखकर जवाब दिया जा सकता है। रहा यह कि कितने आर्डर हैं जो अभी तक इम्प्लीमेन्ट नहीं हुए हैं और यहाँ आयेगें उनके फीगर्स में मालूम करके बता सकता हूँ।

SHRI BANKA BEHARY DAS : It was reported in the press that in some meetings of businessmen the Minister told that to fight recession we should resort to deficit financing. I want to know from the Minister whether that is a fact and whether the Government also accepts that as a policy; I also want to know from the Minister—because from his reply and from the discussions I feel there is a lot of confusion about recession, and some of the other industries are going to take advantage of Government because of this recession, the epicentre of the recession lies only in the engineering industries as it is reported, and recession only means wherever there is a fall in production it is induced by a fall in demand . . .

AN HON. MEMBER : Epicentre lies in the Government.

SHRI BANKA BEHARY DAS : Government's policy you can say. I want to know from the Minister whether he regards that this fall in production in sugar has anything to do with recession. I want to know from the Minister concretely in the case of the engineering industries where there is actual recession, in other industries it is only some other malady because of bad planning, whether he is going to fight this recession by creating some demand in the country both by the Government and also through other policies which will help in the growth of demand by public corporations and private industries.

SHRI FAKHRUDDIN ALI AHMED : These matters have been discussed, and as the hon. Member is aware during the last two years our development programme has been at a standstill and it is because of that that there has been no demand on various industries which we have set up both in the public sector and also which are functioning in the private sector. I have certainly expressed the opinion that unless and until for the purpose of production, for the purpose of development, we are prepared to invest more resulting in deficit financing, it will not be possible for us to meet the entire situation which has been created on account of the lack of demand, on account of which the recession exists. That is the opinion expressed by me. I said that along with other steps it is also necessary for us to consider to what extent we can increase expenditure on development activities which will help us to place demands for various things on our public industries as well as on our private industries.

श्री ब्रजकिशोर प्रसाद सिंह : क्या माननीय मंत्री जी यह बताने की कृपा करेंगे कि सरकार की नीति और देशहित के विरुद्ध जो ये आयात हो रहे हैं विदेशों से, यह क्या कुछ मजबूरियों की वजह से हैं और क्या वह मजबूरियां जो हमारे विदेशों के साथ वाणिज्य समझौते हैं उनमें पायी जाती हैं ? अगर वाणिज्य समझौते की वजह से कुछ मजबूरियां हैं जिससे आयात करना जरूरी होता है, बावजूद इसके कि वह देशहित और सरकार की नीति के विरुद्ध है, तो क्या सरकार से आशा की जाय कि जो वाणिज्य समझौते हैं उनको कुछ सुधारने की कोशिश की जायेगी ?

श्री फ़ख़रुद्दीन अली अहमद : जी हां, कोशिश की जायेगी ।

SHRI SANTOKH SINGH : Four hon. Members have given one side of the picture. I am inclined to agree that in some engineering industries there is recession. I am also inclined to agree a little that the liberalised import licence scheme might have affected them. In spite of the talk about the liberalised import licence system, I must say that in some . . .

SHRI ARJUN ARORA : The Question Hour is over, please.

SHRI SANTOKH SINGH . . . industries, in the chemical industry, in the pharmaceutical industry and in the dye-stuffs industry, import licences are not coming to the aid of the industries. May I know from the hon. Minister if he will not think in terms of removing this liberalised import licence, system and allowing the other industries which are not priority industries and which require reclassification on this account to import?

MR. CHAIRMAN : Question Hour is over.

SHORT NOTICE QUESTION AND ANSWER

12 NOON

RAJHARA MINES OF BHILAI STEEL PLANT

6. **SHRI P. K. KUMARAN :**†

SHRI BALACHANDRA MENON :

Will the Minister of STEEL, MINES AND METALS be pleased to state :

(a) whether wage rates recommended by the Iron Ore Wage Board have been implemented at the Rajhara Mines of the Bhilai Steel Plant;

(b) if so, the reasons for serving retrenchment notice on 8,000 workers at Rajhara; and

(c) the reasons for calling large contingent of police at Rajhara.

THE DEPUTY MINISTER IN THE MINISTRY OF STEEL, MINES AND METALS (SHRI CHOWDHARY RAM SEWAK) : (a) In accordance with a settlement arrived at on 23-6-1967 between the Bhilai Management and the representatives of the three unions functioning in the Mines of Bhilai, the wage structure contained in the recommendations of the Central Wage Board for Iron and Steel Industry have been made applicable to the employees of the Mines with effect from 1-1-1967.

(b) The Bhilai Management is not aware of any notice having been served on 8,000 workers at Rajhara.

†The question was actually asked on the floor of the House by Shri P. K. Kumaran.