

SHRI NIREN GHOSH: Madam, I think the hon. Minister's statement is not correct. Perhaps he did not like to make that statement but he has made it. The thing is that in the first year the company earned Rs. 8 lakhs and it is definite that the Union has repeatedly given suggestions how to run it efficiently but no heed was paid to them. Then, Madam, under the existing set-up of machinery and production a profit of about Rs. 1.5 lakhs can be made keeping all the personnel in employment and even making the increased D.A. payment. This profit will increase by Rs. 12 lakhs annually if the Defence Department's order for battery charging sets is accepted. They are ready with the whole thing; they want to place the order, and it is a recurring order. Despite that, further, in order to reduce the cost of production the Union and the employees have suggested that the production of fans *a* increased to 8,000; at present it *is* 7,000. Then the cost is reduced by Rs. 20 thousand per month. Further, if some technical re-arrangement is I made, *i*£., aluminium rotors instead

[Shri Niren Ghosh.]

of copper rotors, that gives us a saving of Rs. 74,000. Then another suggestion also Ls there to reduce the cost. At present it is a piece-rate system. If it is changed to time-rate system, it would effect a saving of Rs. 55,000 per month. The workers only want that when the company picks up, they should be compensated or something like that. Thus there can be a total reduction in the cost to the extent of Rs. 1,49,000. Then the company so far has run on borrowed capital with heavy interest charges. The Government has deliberately brought about the present position. The company can still be saved and it could be saved because it is a concern enjoying wide reputation and a sophisticated concern for that; it is not junk machinery.

THE DEPUTY CHAIRMAN: Ask for clarifications only.

SHRI NIREN GHOSH: These are the points to be clarified.

THE DEPUTY CHAIRMAN: But do not take so long. I do not think this is the right spirit in which this Calling Attention Notice is to be conducted. You must ask for clarifications and he will give you the answer.

SHRI NIREN GHOSH: Madam, these points have to be clarified by the hon. Minister. May I also know whether it is not a fact that the company can be taken over by the Government by compensating the shareholders? The figures have already been worked out by the Government itself. I have g'ven the data.

THE DEPUTY CHAIRMAN: That will do. The Minister.

SHRI NIREN GHOSH: No, Madam. Otherwise I will have to follow it up.

SHRI FAKHRUDDIN ALI AHMED: Madam, my hon. friend started by saying that I have made an incorrect statement. But may I draw his attention to the statement which I have made? What I said was that even during the period of management

under Government since July 1960 the company has been incurring a loss and lately these losses have very much increased. I never said that the company in its first year incurred a loss, I said 'during the period' *i.e.*, from 1960 till the present time. That is the overall picture. Now I may inform the House that the figures available with me show that from October 1960 till September 1965 there has been a loss of Rs. 128.25 lakh* and this loss is increasing every year. In 1961-62 the loss was Rs. 16.12 lakhs and in 1962-63 it was a bit less and then in 1964-65 it went up to Rs. 22.49 lakhs. Altogether there has been, in this period of five or six years, a total loss of Rs. 128.25 lakhs. Secondly, I am really surprised that after I took the trouble of explaining the entire position to the hon. Member for over one and a half hours, he has again raised more or less similar matters before this House. I can assure him that this matter has been gone into by the Technical Committee and the Technical Committee has made a recommendation that in order to improve this concern and make it run with profits, the machinery has to be changed. Also the Technical Committee have suggested some replacement of machineries and diversification but this will require an investment of about Rs. 2.5 crores. Even in the representation given to me on behalf of the labourers they have suggested that in order to undertake what is now being suggested by my hon. friend it will require an investment of Rs. 170 lakhs. There is a difference of about Rs. 80 lakhs but their estimate, first of all, is an under-estimate. Secondly it does not take into consideration the losses which have already been incurred by this company.

I have explained the entire position to him. Today the position is this. The State Bank of India who were financing this company, have now refused to give any fund. If the State Bank of India refuses to give further finance, because it is not a going concern and is not likely to make up

the increasing losses which have been piling from year to year, we cannot compel the State Bank of India to continue to finance it. In these circumstances, the Government will have no alternative but to discontinue the management of this company.

THE DEPUTY CHAIRMAN: Mr. Arora.

SHRI NIREN GHOSH: Madam, he did not. . .

THE DEPUTY CHAIRMAN: No.

SHRI NIREN GHOSH: This, Madam, is unfair.

THE DEPUTY CHAIRMAN: I cannot help it, if you want to give a statement for ten minutes.

SHRI NIREN GHOSH: I want a clarification.

THE DEPUTY CHAIRMAN: Clarifications must come, please, in the form of short, specific questions. Clarifications cannot come after a ten minutes' statement. Mr. Arora.

SHRI NIREN GHOSH: Please look at the way the Minister has answered it. I should get another chance.

THE DEPUTY CHAIRMAN: Mr. Arora.

SHRI ARJUN ARORA (.Uttar Pradesh) : Madam, this is a ^{nm} which had a wonderful reputation some years back and they were producers of the best electric fan in the country. May I know if the Minister has cared to find out how This firm, with such a good reputation, has been suffering losses? Is it due to the fact, that because it was being managed by the Government, the other Ministries of the Government, ^{vz}, Railways and ^T (were not placing orders with it or is it due to bad management? May I know what steps did the Minister or the Ministry take to improve the management, when there were losses year after year. The Minister has just given the figures of losses, but he has

not stated what steps were taken to eliminate those losses. Secondly, I want to know why is it that the State Bank of India, which is said to be a public sector bank, refuses to continue to finance this concern, when the Government itself has given a guarantee for all the loans that the State Bank may advance to this concern. The State Bank does not finance only profit-making concerns in the country. Instances where the State Bank continues to finance losing concerns in the private sector are well known. I want the Minister to find out and state why the State Bank wants to withdraw their financial assistance in spite of the Government's guarantee. Thirdly, I want to know whether the Minister has taken the present labour and law and order situation in Calcutta into consideration before deciding to close down this concern which employs about 2,000 people. Is it advisable in the context of the present labour situation in West Bengal and particularly in Calcutta to close down such a long-established unit and throw out 2,000 people?

SHRI FAKHRUDDIN ALI AHMED: Madam, may I point out that the assumption on which my hon. friend has based his question, namely, that this was a very good concern, is not correct. I think the hon. Member does not know the history and why the Government. . .

SHRI ARJUN ARORA: I know some of the history.

SHRI FAKHRUDDIN ALI AHMED: . . . had to take over the management. If the hon. Member knew the history, he would not have asked me how the management of this company was taken over by us.

SHRI ARJUN ARORA: I never asked him why the management was taken over.

THE DEPUTY CHAIRMAN: But you did say something in the beginning.

THE DEPUTY CHAIRMAN: That will do.

SHRI FAKHRUDDIN ALI AHMED: The management of this company was taken over by the Government not because Government wanted to do it, but because the Government were forced to take it over on account of trouble with one of the shareholders, who held the majority shares, and on account of the continued strike by the workers of this company. It was not a pleasure for the Government to take over a concern if it was a going concern, but the hands of the Government were forced because of these troubles. Now, except for the first year this company has continued to show losses from year to year. The Government had to constitute a Technical Committee for the purpose or enquiring whether it was possible to check these losses and, if so, what were the steps to be taken for the purpose. As I have pointed out, the Technical Committee went into the question and were of opinion that unless and until certain machines, which were very old, were replaced and unless and until the number of employees in the company, which was overstaffed, were reduced, it was not possible to make any profit. Then, they gave the figure that would be required for an investment, that is Rs. 2.5 crores. After the investment to this extent is made and after about five hundred workers are retrenched, it may be possible for this concern to make a profit after two or three years. All the relevant matters were gone into by the Technical Committee and they were very definite about their recommendations. Even if the

SHRI BHUPESH GUPTA (West Bengal): The fact that the Government has taken over the company does not mean that it was not a good concern. Jessops would not be a good concern. Jessops were also taken over due to some trouble among the owners. Now, I should like to know whether the Government asked the Technical Committee or any such committee to consider the proposals given by the workers themselves. Mr. A. K. Gopalan and I forwarded this representation with a letter to the hon. Minister and up till now we have not had any acknowledgement even of that letter. I should like to know that. Secondly, with regard to the funds, 2,000 workers are involved and a concern is going to be closed down. I think all of us should be interested in saving the concern, if necessary, by giving a little extra assistance. Now, the hon. Minister has said that even according to the workers it would cost Rs. 170 lakhs to revive it and run it as a going concern, but he thinks it would require more money. Well, I do not know who is right and who is wrong, but even so, is it not possible to run it? As we find LIC has advanced Rs. 7 crores to Birlas which are a going concern. The LIC has advanced to Birlas. The State Bank could give

money to Mundhras. If that be so, why is it that this company, which is under Government management, is not given financial accommodation through Government's own financial agencies or credit institutions with a view to running it? This I would like to know why it is not being done, because the Government's own contention is that after two or three years it would be a running concern. The workers in their scheme have pointed out that it could be a running concern even now, with certain adjustments, with a little assistance. Is it not proper for the Government to have a better look into what the workers have said and make the funds available to run the concern? I do not wish to say anything. The company is to be closed down. We come from Calcutta. We know what it is like. We also knew of the mismanagement in certain respects in this company. We raised it in this House time and again and the Government took it over. Instead of running it better all that the Government is doing now is to close down this thing, ruin an institution and throw 2000 workers out on the streets as unemployed. I think the whole thing should be considered from a larger angle, with a broader vision, with a view to saving it. I demand therefore before I sit down, let the Minister call a conference of all those concerned and we will also see the proper type of people, engineers and others, consult them, and try to arrive at some kind of solution. I hope the Finance Minister who is sitting here—we are lucky—should at least try to save it by giving it financial accommodation, a Government of India managed concern.

THE DEPUTY CHAIRMAN: Many suggestions.

SHRI FAKHRUDDIN ALI AHMED: I have already dealt with practically all the questions which have been raised by my hon. friend, and I am surprised that he still has a grievance against me for not replying to his letter in spite of the fact that at his

instance I gave a very long time to the labour representatives who came and saw me the other day and also to his partymen on another day, over an hour and a half.

SHRI NIREN GHOSH: I was not convinced.

SHRI FAKHRUDDIN ALI AHMED: I did not undertake the responsibility of convincing the hon. Member if he was not prepared to be convinced. If I have to go by the advice of my technical committee the members of which are experts, I have to depend on certain figures placed by them before me. I have said that even assuming I accept your figures, there is a difference of only about Rs. 80 lakhs, and those figures do not take into consideration the losses the company has already incurred, the debts the company already owes to the State Bank of India.

SHRI BHUPESH GUPTA: You are going to get them.

SHRI FAKHRUDDIN ALI AHMED: So far as the State Bank of India and the Life Insurance Corporation are concerns, they are statutory, independent corporations. They are entitled to take such decisions as they like. If they refuse to advance money to this company, on our guarantee, I cannot help. What else the Government can do I do not know. So far as the Bank's demand is concerned, they can ask; first they will try to realise the amount from the company, and if the company does not pay, because of our existing guarantees they will realise the amount from the Government, and then Finance Ministry will have to pay this amount of nearly Rs. 1 crore and 80 lakhs. Now when we have no funds to run this company, I do not know how the Government can manage it.

SHRI LOKANATH MISRA (Orissa): It sounds queer; to hear from the hon. Minister that it is a losing concern. The products that this particular company was to manufacture included also fans. Usha is a company manufacturing fans on a commercial scale

[Shri Lokanath Misra.] and makes a good deal of profit and earns foreign exchange because it sends fans outside also, to foreign countries and supplies them. Here is a company under the management of the Government which incurs a loss year after year. Ultimately it has to come to a closure. Some money is needed now to put it on a commercial basis again. The hon. Minister says that he has got the views of the expert Committee. I do not know who those experts are. Would he be willing to make a public offer that if any concern in the country is willing to take it up to save it from being closed down—would he do it? If other experts also agree with him and with his experts that it is beyond repair now, that it cannot be run, then it would be all right, his statement would be justified. If he does not do that, he is going to cripple the company by keeping it under Government management and by not giving the finance that is necessary and by throwing a large number of employees out of employment.

SHRI FAKHRUDDIN ALI AHMED: I have made it very clear that even assuming the estimate given by our Expert Committee is not correct and assuming that the estimate given by their representatives is correct, they also say that an investment of Rs. 1 crore and 70 lakhs is necessary; in this estimate, they have not taken into account the losses which the company has already incurred. *(Interruption)* Please have patience and let me finish. So far as the taking over is concerned, the company was taken over because there was continuous labour trouble in this company and because one of the shareholders who held a majority share somehow persuaded the then Chief Minister 'o see that this company was taken over by us.

SHRI LOKANATH MISRA: Would that mean that it was incurring a loss? It was not incurring a loss. After you have taken over you have started

incurring a loss. So would you make an open offer?

SHRI FAKHRUDDIN ALI AHMED: The Government will not stand in the way if the company is managed by the people to whom it belongs. We do not want to continue its management. If this company can be better managed by the private concern, we have no objection. They can do so.

SHRI KESAVAN (Thazhava)
(Kerala): Two thousand workers are employed there. That means that two thousand families are depending for their maintenance upon this factory. If the factory is closed, the members of these families will be thrown on the highway and they will be starving. Is it not the duty of the Government to see that these people are maintained by providing them work in the factory. Is it not the duty of the Government to keep this running?

SHRI FAKHRUDDIN ALI AHMED: So far as the Government are concerned, they have no other alternative. If the company wants to run it, it can do so. What action will be taken by the Bank, whether it will go to the Court for the purpose of realising its shares what orders will be passed by the Court, these are matters of conjectures. I cannot at this stage say what will happen.

SHRI A. G. KULKARNI (Maharashtra): May I plead with the Government that an industry is being closed and there is a report from the technical committee and may I have an explanation from the Government? This is a sophisticated industry and in this country industries of this nature where electrical goods are manufactured are run at a good profit. I wonder if there is a possibility of diversification, because nowadays various domestic electrical appliances are possible of manufacture from such types of concerns which are mainly established for producing electric fans. There is »

case of Jay Engineering Works in Calcutta which is doing some such type of business. The Government, should be better advised that they should have diversified it to this extent and they should see that the industry runs. Similarly, Madam, I want to bring to the notice of the Government that the workers can be requested, just like in Maharashtra, to accept a certain less percentage for a period of six or seven months, and once the factory-gets going, whatever is due to the workers can be paid in due course. This type of scheme also works in such circumstances.

THE DEPUTY CHAIRMAN: It is not a question.

SHRI A. G. KULKARNI: I want an explanation. This is not only the case in the India Electric Works. Everywhere whenever the Government or the public sector tries to supply goods to the Defence establishment or the Railways, there is naturally some inhibition in these Departments. This might be due to certain ulterior motives which I cannot say here. But if the Minister of Industrial Development means it, he can ask the D.G.T.D. to accept the goods supplied by the India Electric Works for a certain period because this is a prudent practice in all commercial industries to accept the goods of brother industries or of the factories owned by similar concerns. May I know from the Minister of Industrial Development if these avenues can be explored to get this factory running⁰

SHRI FAKHRUDDIN ALI AHMED: TV' lam, I may inform the hon. Members that all these matters were taken into consideration and even one of the terms of reference was in respect of the additional item that can be taken up by the present company. And the report, apart from the existing items, recommended, the taking up for manufacture of a few more items like battery chargers, distribution transformers, 15-line switch-

boards, field telephones, ground control gears, etc. For all these purpose*, they said that an investment of nearly Rs. 2½ crores was required. All these matters were taken into consideration.

SHRI NIREN GHOSH: Madam, I want the Minister to clarify whether the workers' suggestion of cost reduction of Rs. 1,20,000 is feasible or not.

Secondly, I want to know whether the battery charging sets of the defence Department's orders will not yield a profit of Rs. 12 lakhs annually and whether it is not a recurring order that is going to be placed. Everything is ready. Is it not a fact that the Defence Department wants, along with the placement of orders, 20 or 25 per cent to be paid in advance and is it not also a fact that because of the future of the company being uncertain they are not able to place the order? May I also ask him to clarify that Rs. 55 crores worth of equipment is required—field telephones and switchboards—but that the telephone company produces only Rs. 30 crores worth and that the rest this company can produce, instead of putting up a new factory with Rs. 13 crores. With a little amount of capital this company can be made to produce these and earn ample profits. Similarly, may I know whether there is an agreement of Messrs. Bradford Company with India Electric Works Limited to produce transformers and everything and have know-how, capital, etc.? They will come only when this factory gets started and it will also yield profits. May I also know whether it is a fact or not that by issuing share-capital they can easily get some amount of money, even Rs. 1,70,00,000 and that some sort of accommodation can be given for it to work. If that is so, is the Government, the Finance Ministry, justified in refusing this accommodation? That is what I understand that the Finance Ministry is refusing to give any further accommodation. Production is falling down. It is a viable concern. Instead of

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI R. DESAI): Madam, I want to raise a point of order. Is any hon. Member entitled to say that the Chair is unfair to the Member?

THE DEPUTY CHAIRMAN: That is a reflection on the Chair and that must be withdrawn.

SHRI MORARJI R. DESAI: You must take action about it or the Member should apologise for it.

AN HON MEMBER: Withdraw it.

THE DEPUTY CHAIRMAN: Mr. Chatterjee, I do not think that you should make such charges against the Chair. The Chair is in this House to direct the business very impartially. And on this Calling Attention Motion, we have taken 35 minutes. And I have called all those who were here on the list and also some others. At the discretion of the Chair. I passed on to the next business. And Mr. Chatterjee, even if you stood up, it does not mean that you caught my eye. You did not catch my eye.

THE MINISTER OF STATE IN THE DEPARTMENTS OF PARLIAMENTARY AFFAIRS AND COMMUNICATIONS (SHRI I. K. GUJRAL): On a point of order, Madam. May I submit to you that every day—it is going too far here an hon. Member gets up, talks in this fashion? And since you are not taking serious note of it, things are going beyond discipline. As the hon. Deputy Prime Minister has already pointed out, I submit that this House must be respected, its business order must be respected. And in order to preserve the dignity of the House, the hon. Member must withdraw those words.

SOME HON. MEMBERS: Yes.

SHRI BHUPESH GUPTA: We have to say something. I find that the Leader of the House is here, and we are also noticing. I can understand Mr. Morarji Desai saying it. I think he felt it; he said that he felt it to be unfair. I feel that something has been . . .

THE DEPUTY CHAIRMAN: Please be brief.

SHRI BHUPESH GUPTA: But I find that Mr. Gujral, instead of helping the Opposition, everyday comes and comes into clash with us everyday. He makes it a point. Now, he can talk to us, he can discuss things with us. He is Minister of State for Parliamentary Affairs. Therefore, he should not do such things. Well, the Leader of the House is there. But certainly, it is his duty, it is his job. If he goes on with this kind of talk, all that work, as far as his assignment is concerned....

SHRI A. G. KULKARNI: Madam, is he going to withdraw those words?

THE DEPUTY CHAIRMAN: Mr. Chagla.

ANNOUNCEMENT *RE* GOVERNMENT BUSINESS

THE LEADER OF THE HOUSE (SHRI M. C. CHAGLA): Madam, with your permission, I rise to announce that Government Business in this House during the week commencing 19th June, 1967 will consist of:

- (1) Further discussion on the General Budget for 1967-68.
- (2) Consideration and passing of the Anti-Corruption Laws (Amendment) Bill, 1967, as passed by Lok Sabha.
- (3) Consideration and return of the Appropriation Bills as passed by Lok Sabha relating to the following Demands:—

Demands for Grants (Railways) for 1967-68.

Demands for Excess Grants (Railways) for 1964-65.

- (4) Consideration of motion for annulment of the Police Forces (Restriction of Rights) Rules, 1966, given notice of by Shri Sundar Singh Bhandari.