

[श्री गंगाशरण मिह]

लडाई के जरिये पाकिस्तान ने हम को तग करने के लिये हम पर आक्रमण किया था, लेकिन इस लडाई के दो नतीजे अच्छे हुये । एक तो यह हुआ कि हमारे देश में छोट-छोटी बातों को भुला कर एकता का संचार हुआ, एक नई लहर आई जो आज भी कायम है । दूसरा यह हुआ कि हमारे देश ने एक नये तरह का आत्मविश्वास, एक नये तरह का आत्मसम्मान और एक नई तरह की इज्जत हासिल की और मैं समझता हूँ कि हमारे प्राइम मिनिस्टर ने इस बीच जिस तरह का नेतृत्व दिया और ये चीजे हासिल हुई हैं, मैं यह उम्मीद करता हूँ कि ताशकन्द मे जा बाते होगी उनमे इस एकता में और इस इज्जत में और तरक्की होगी और इसमें कमी नहीं होगी, मेरी ऐसी आशा है । मुझे बार-बार इस बात के कहने की जरूरत नहीं है, वे स्वयं यह जानते हैं, लेकिन फिर भी मैं यह कहना चाहता हूँ कि प्राइम मिनिस्टर जब वहाँ बात करे तो उस समय वे सिर्फ किसी दल के नेता की तरह नहीं बल्कि सारे देश के नेता की तरह और एकता के प्रतीक के रूप में बात करे और जो एकता आज हमारे देश में कायम हुई है उसका एहसास उनको बराबर रहना चाहिये कि वे सिर्फ एक प्राइम मिनिस्टर को हैसियत से नहीं बोल रहे हैं बल्कि हमारे राष्ट्रीय नेता को हैसियत से बोल रहे हैं और सारा देश उनके साथ है और जो इज्जत और एकता हासिल हुई है उस वे आगे बढ़ा सकेंगे । आज कोई शर्त्त का सवाल नहीं है । मैं आज कोई शर्त्त नहीं रखना चाहता । मैं विश्वास करता हूँ कि जिस तरह मे इन महीनों में उन्होंने दिखलाया है अपन मृदुता, अपनी कामना और अपनी दृढ़ता और इनका जो उदाहरण हमारे सामने पेश किया है, उसी तरह आगे भी वे ऐसा ही करते रहेंगे । उनको जब मैं देखता हूँ, जब गौर करता हूँ तो एक लाइन मुझे बराबर याद आती है :

“जुवान: हे हमारी आजिज, मरकन
की गर्दन को”

मुझे विश्वास है कि वहीं आजिज उनकी कायम रहेगी और वहीं न्याय और इज्जत के लिए दढ़ता रहेगी और कोई मरकन अगर न्याय और इमाफ के खिलाफ रहेगा तो उसकी गर्दन झुक कर रहेगा ।

इन शब्दों के साथ मैं प्राइम मिनिस्टर के साथ पूरा-पूरा सहयोग प्रगट करता हूँ और विश्वास करता हूँ कि जो कुछ वे कर के लायेंगे वह देश का इज्जत और एकता के लिये होगा और फिर हमका उनका यहाँ मुबारकबाद देने का, बधाई देने का, मौका मिलेगा ।

MR. CHAIRMAN I am sure I am voicing the feelings of everyone of you when I assure the Prime Minister that he has the heartiest good wishes and prayers of every Member of this House with him. He is not going alone. He is going with the good wishes and prayers of all of us.

دیده سعدی و دل همراه است

تا مینداری که دنیا می روی

†[दादा-ग-साअर्दा-व-दिल हमराहे तुम्ह ।

ता न पिनदारी कि तन्हा मी रव ।]

The Prime Minister understands it; so I will not translate it

SHORT DURATION DISCUSSION RE GOVERNMENT'S DECISION TO DE- CONTROL CEMENT FROM JANUARY 1, 1966

SHRI S. N. MISHRA (Bihar) : Mr. Chairman, now it appears that time is on the side of the Government's decision because we have already cut into this one-hour discussion. We have hardly 45 minutes left. However, I would be racing against time to place my point of view.

During fifteen years or more of my parliamentary life, Mr. Chairman, I had not asked for any opportunity to raise any discussion on any subject. If I have raised a discussion on this it is only because I am aware of the implications, the far-reaching implications of the decision taken by the Government with regard to this vital

[] Hindi translation.

sector of the industry. And I am also convinced that there is a cogent and cast-iron case for the revision of the policy of the Government which has been announced recently. If the Government has any case in this matter I am afraid it has not been stated so far at least convincingly.

Mr. Chairman, we have no doubt that the decision of the Government is based on an inadequate comprehension of the issues involved and if we succeed in placing before the Government all aspects of the matter they will not stand on prestige and will revise their decision as soon as possible.

First, what occur to my mind are some of the important issues of a rather general character. They arise from the manner in which the agreement has been reached with the Industry, as also from the way in which the announcement was made by the Industry well one week in advance of the announcement made by the Government in Parliament. This is a very substantial levy on the community—almost amounting to Rs. 120 to Rs. 125 crores during the next five years. In view of this it is rather surprising that Parliament should have been so lightly treated or taken for granted. In fact, my first submission is that in matters of this kind where there is going to be such a substantial levy on the community, there should be a convention that these measures would be treated with the sanctity which is due to financial measures and they would be discussed and approved by Parliament.

It also beats me, Mr. Chairman, how in such a matter bodies like the Tariff Commission and the Planning Commission should have been so unceremoniously ignored. Thirdly, the fact that the Industry's announcement about the agreement was released to the Press on the 12th November and the Government's statement came on the 18th of November does not seem to me to be redounding to the credit or the prestige of the Government. It is the Government which governs; it is not the Industry which governs, and the authority of the Government or Parliament should not be slighted or undermined in this fashion.

Now, let me come to the two important aspects of the decision, Mr. Chairman, which has been taken by the Government.

The first is with regard to the decontrol of price and distribution of cement and the second is about the increase in the price of cement which is of the order of Rs. 13 per ton on an average.

It is quite obvious that it is a double barrelled policy of profit maximisation for the private sector, one through the decontrol and another through the price increase, I am afraid it is bound to be interpreted by our opponents as a major shift in our economic and social policies.

Now, on the face of it, as you will observe, these policies do not appear to be quite consistent with our social and economic policies regarding the concentration of economic power, monopolies, income distribution, capital formation and planning policies and priorities. Only yesterday we had the Report of the Monopolies Commission in our hands and what does that Commission say? They say there is a good deal of monopolistic trends, monopolistic interests in this industry. In fact, three top producers account for about 64 per cent. of the total production and the leading producer accounts for 40 per cent. of the total production. But I shall not deal with the social aspects of the matter just now.

I shall first come to this policy of decontrol and the way the Government thinks that it is going to be a great relief to the consumers. I will have to examine this matter a little more carefully. This seems to be a forerunner of a number of decontrol measures to follow soon. We have been hearing a lot about the decontrol of fertilisers and so also we hear that sugar is going to be decontrolled very soon. We hope all this is not correct. But if they come about, I ask you, Mr. Chairman: Would they not be interpreted as a slide back into *laissez-faire* capitalism? After all, we cannot conduct a unique experiment of planning in a free market which is a contradiction in terms. But if the Government is going in that direction, I think we would be committing a grave mistake and doing great injustice to planning in our country.

Further, how are our priorities going to be observed under conditions of decontrol? This is a very important point. It may be that the Government would say that since

[Shri S. N. Mishra.]

to the extent of fifty per cent. the Government is the consumer, that is going to be assured. But that is not going to be the case so far as the agricultural and rural sectors are concerned. I am afraid that much of the cement is going to be now diverted to the rich men's houses and to the urban sector. To that extent I do feel that this is going to be against the Plan priorities.

It is also very painful to see that the instruments of control that we have built up so assiduously over the years are now being undermined or are now going to be demolished or rendered ineffective. We have had the S.T.C. in the field for the last ten years or so and now the S.T.C. goes completely out of the picture. This does not bode very well for planning in this country.

Moreover, is it not very paradoxical that, while people are being compelled to finance the expansion in the private sector, the control is being transferred from the Government's hands to the industry's hands? This is indeed a very strange phenomenon that is occurring at the moment.

We all claim to be very pragmatic people—for me pragmatism is not a polite name for complete identification with private enterprise—and we also claim to be going by empirical experiences. But what has been our experience under conditions of decontrol? Have we not seen that this freedom and leniency have been misused so far? Have we not seen that the trust and confidence that we have reposed in the trade have not been paid back. Only the other day—our memory is very green; it has not yet faded away—one very well-meaning Gandhian Chief Minister wanted to conduct an experiment on somewhat these very lines. He supplied wheat to the millowners in a particular city at the price of Rs. 14 per maund in the hope that the consumers would be served well. But what did the consumer get? The consumer got wheat products at the rate of Rs. 40 per maund and within a fortnight it is said that these interests, these millowners, had harvested about Rs. 4 crores or so by way of profits. That is how our trust and confidence have been paid back so far as these interests are concerned. Now, therefore, I

do not know whether this measure is not a triumph of hope over experience—and a product of the worst kind of credulity and simplicity on the part of the Government. After all we do not find any sign of human nature having been transformed and that it is going to behave very well in future. I would also like to say that conditions of shortage are not going to end very soon. I do not see that even by the end of the Fourth Plan conditions of shortage are going to end in respect of cement. The Perspective Planning Division of the Planning Commission has estimated that by the end of the Fourth Five Year Plan the total requirement would be of the order of 26 million tonnes or so, whereas the production, as we are planning at the present moment, is not going to be more than 22.5 million tonnes or so. So, this shortage of the present order, that is, 3 million tonnes or so, is going to be with us even by the end of the Fourth Five Year Plan. Therefore, I would say that to free cement under these conditions, is going to be to the great disadvantage of the consumers.

It is also strange that, when we are having food control and rationing, we should consider it advisable to free cement from control and regulation. What would happen if you have to get a bag of cement? Now, instead of going to the District Magistrate or the local official, you will have to do the darbar of the local dealers. This is a position to which a person like me cannot reconcile in any way.

MR. CHAIRMAN : Now, how long will you take?

SHRI S. N. MISHRA : Five or six minutes.

MR. CHAIRMAN : You know that it is a Short Duration Discussion.

SHRI S. N. MISHRA : Yes, Sir, but there are two aspects of this matter.

I am going to deal with the other aspect as soon as possible.

MR. CHAIRMAN : Please be brief, otherwise no other Members would be able to take part.

SHRI SANTOKH SINGH (Delhi) : He can leave the other aspects to other Members to speak.

SHRI S. N. MISHRA : The more important aspect is about the increase in prices. This is said to be geared to the objective of the expansion of capacity and production, in accordance with the Fourth Plan target. The target likely to be achieved by the end of the Third Five Year Plan is going to be of the order of 12.6 million tonnes, whereas the target that we have in mind for the Fourth Five Year Plan is of the order of 25 million tonnes or so. So, in other words, what is required is the doubling of the capacity that exists at the present moment.

The question that arises is this. What would be the best manner in which this target could be achieved? As a result of the Government's decision, something between Rs. 115 crores and Rs. 125 crores would be paid by the public to achieve this target. Now, in Government's view out of this only Rs. 25 to Rs. 30 crores would go to the private sector for investment. I most humbly differ. In my estimate the amount going to the private sector during the course of the five-year period would be not less than Rs. 50 crores, that is, at least Rs. 10 crores per year. Now, the point I want to stress is this. Whatever be the amount, why should it go to the private sector to augment its wealth, profits and concentration of income? Why should it strengthen monopoly interests in an industry about which, as I have stated, the Monopolies Commission had itself expressed concern? If the willingness of the people to accept this amount of burden is conceded, I would submit that there is another more socially desirable way of assisting the private sector. But before I agree with the point of view that the private sector has to be assisted, I would rather say that this amount should go to the Government's coffer and Government should itself try to expand the production capacity in the public sector. This has been done by many State Governments in the past. We have got a cement factory in U.P. We have got one in Jammu and Kashmir and another in Assam. So, if all the State Governments, fourteen or fifteen of them, could establish two plants each of two hundred thousand tonnes capacity, I think that between the Cement Corporation and the State Governments, we would be covering about 90 per cent of the requirements in terms of capacity and pro-

duction. So, my humble submission is that this amount, paid by the public, should not go to the private sector but it should go to the Government and the Government should establish the cement industry in the public sector or expand the cement production in the public sector. It should not be difficult. Why should we feel diffident that the Government cannot establish this amount of capacity in the public sector? We have now a good machinery manufacturing industry in our country; no special expertise or know-how is required for this purpose; the raw materials too are not very difficult to find.

So I would suggest that this amount should be utilised for that.

But if it is thought that even this modest estimate of the capacity of the public sector cannot be conceded, then I would say that instead of making a clean gift to the private sector of this amount it should be given in the form of loans. Or, if you want the capital market to be propped up for this purpose, you should enter the equity market. So, in this way probably it would be better utilised. Or since we have a regime of planning in this country, it is through differential incentives to the private sector that we can have the required amount of capacity and production, that is, through allocation of scarce resources and of raw materials. So I would suggest that this should be the way in which the Government should bring it about. Mr. Chairman, you would be surprised to learn that this commiseration with the private sector is somewhat out of place because the private sector has not been doing too badly. It had in fact come forward with Rs. 60 crores to Rs. 65 crores during the Third Plan for investment and we have absolutely no reason to doubt that this amount of investment that we require would not be coming forward in the Fourth Plan.

MR. CHAIRMAN : I am very sorry. It is a One Hour discussion and the Minister has to reply. Mr. Gujral.

SHRI I. K. GUJRAL (Delhi) : Mr. Chairman, early this session when I raised the issue, a new philosophy was propounded by the Minister, that I would call the "Let us try" philosophy. He said that he knew there was shortage. He knew that the

[Shri I. K. Gujral.]

private sector might or might not come up but still he would like to withdraw it. At that time also I had given him an instance of the decontrol of steel, and I had told him that ever since steel was decontrolled the prices had registered a rise of 70 per cent. over and above the announced prices by the Government. But the Government refused to learn a lesson from that also, and now they wish to take another step in cement. My learned friend, Mr. Mishra, has given details of it. But it also sounds very ironical that very soon after the report of the Monopolies Commission where all those four families, to whom this present is going to be made, have been mentioned, in that list, we insist that we must give them a very handsome profit and a handsome additional incentive.

Sir, 50 per cent. of the cement is going to be consumed by the Government as the Government said itself. Another 50 per cent. is going to be consumed by the consumer. Therefore, in both ways the exchequer is going to give a dole to those four families which will, according to my estimate, come to Rs. 125 crores in five years, and this present of Rs. 125 crores is being given to four people, and who are those four people? The Monopolies Commission has given a good account of them. Only one family out of the four, the eldest of the cousins of the monopolists, has 40 per cent. of the cement production. As my friend just now said, the history of the last five years in cement production has shown us that production has gone up, the dividend rate has gone up, the capital invested has gone up. Therefore for the Government to come forward today and say that cement will never expand because there is no capital available is something which does not hold any water.

Early in May when a Cement Corporation was formed, we were given a very rosy picture of things by the hon. Minister, and we were told that the moment the Cement Corporation comes in production would go up and that the public sector would be able to fill all the requisite gaps. But suddenly we are told that the public sector cannot do it, that Mirzapur may have done it, that Assam factories may have done it, that other States may have done it, but that the Cement Corporation cannot do it. The argument given is that

resources are not available. If resources are to go out of my pocket and out of the pocket of the Government to four private families, why those resources cannot be diverted to the Cement Corporation is beyond a layman's comprehension.

Sir, I want to draw your attention to another matter and I know that the time is short and I will not take long and that is about distribution. About distribution, let us not forget that this is not the first time that cement is going to be decontrolled. It has been decontrolled in the past. It is a known fact that if you refer to the case of the I.S.I., Indian Standards Institution, when I.S.I.'s own building was being built and when tests were carried out on the cement, the cement was found to be adulterated. Therefore, I am certain that with all the price incentive you are going to give and all the freedom in distribution you are going to give, the adulteration of cement will considerably increase. It has been said that the dealer will do this and the dealer will do that. Whatever the dealer might do or might not do, please let us not forget that every manufacturer of this country has got his own distribution agency, and all the blackmarket money will be pocketed indirectly by those manufacturers because they themselves have got their own wholesale distribution arrangements and in some cases even retail distribution arrangements. Therefore, that money, which the hon. Minister is thinking is going to their pockets and which perhaps he thinks might be ploughed back in the form of Gold Bonds, is going to go out of the consumer's pocket.

Yesterday in the "Hindustan Times" one of the consumers wrote a letter and said: "I want to build a small, modest house in Delhi. For the last one year I submitted an application to the Cement Supplies Department here and I have been waiting on the waiting list. Now that my turn is about to come, the cement is going to be decontrolled. Therefore, once again I go and stand in the queue." In the last four or five years the prices of cement have been announced many times. Four years ago cement was being sold here for Rs. 6 per bag. After it is decontrolled, even at the controlled price it will cost Rs. 9.25. As I said, taking into account this price of cement plus 70 per cent rise on steel, the

cost of construction in this capital city of ours has gone up by 55 per cent, and the biggest builder in this country is the C.P.W.D. How much Government is going to indirectly subsidise the cement and steel manufacturers is well known to the Government. Today when we have found that in every Plan, whether it is the First Plan or the Second Plan or the Third Plan or the Fourth Plan in perspective, the housing shortage is increasing by leaps and bounds, we are making it more and more difficult for houses to be built. On the one hand teams are sent to Hongkong, America and England to study cheap houses construction, and on the other hand all steps—and I mean with emphasis—all steps are taken by the Government to see that the cost of construction goes up. Therefore, today things have come to the stage when it is beyond the means of a middle class man to build a house. Therefore, I would like only to submit this: even if the Government has made up its mind that it must decontrol, even if it has made up its mind that the monopolists must be given an additional handsome gift, please keep control in your hands because I am certain, and past experience has taught us, that these gentlemen have always refused to behave, they shall not behave. Why do you want to mortgage the nation at their hands once again?

SHRI M. M. DHARIA (Maharashtra) : Mr. Chairman, it was really strange that the Government which has made several pledges to the people should have taken such a drastic decision without taking into consideration the feelings of the people. Sir, it is not only during pre-independence that we gave a pledge to the people that this India will be a socialist India and that it is the tillers and the toilers who shall be the masters of the country, it is our policy even after that during the course of the whole planning. If we refer to the Resolution on Industrial Policy dated the 30th April 1956, we find: In order to realise this objective it is essential to accelerate the rate of economic growth and speed up industrialisation, and in particular to develop heavy industries and machine-making industries to expand the public sector, and to build up a large and growing co-operative sector; equally it is urgent to reduce disparity in income and wealth which exists today and to prevent private monopoly and

concentration of economic power in different fields in the hands of a small number of individuals. Again, we have set the adoption of the socialist pattern of society as the national objective. The need for planned and rapid economic development requires that all industries of basic and strategic importance or in the nature of public utility services should be in the public sector. This is the pledge according to that Resolution, and it is according to this pledge that the Corporation was formed. We were all under the impression that in days to come cement industry would be with the public sector and not with the private sector. It is on that basis that we started the public undertakings in cement in three States. Even in Orissa one factory which is to come up is not coming up because the necessary capital is not being made available to this public sector undertaking. So, at one end when this pledge is made, when we have taken a particular decision and when this is the Policy Resolution which is approved by both the Houses of Parliament, we cannot understand why this retrograde step is being taken by the Government. During the last four years—unfortunately there is no time for me—but I can show that a rise of Rs. 12.35 per tonne was given so that these manufacturers should manufacture more and so that they should invest more capital for the development of the industry. But what are the results? Have they done that according to the promises that were made by the industrialists? They have not done that. It is the same experience in every field of life, and in spite of this experience why should we believe these monopolists who are just creating their own empires and who are not at all prepared to bother about the needs of the country, about the needs of the poor people?

Sir, everybody feels that cement is a basic need of our life. As iron and steel, cement is also a basic industry. Therefore, it is absolutely necessary that it should be under the control of the Government for the sake of rapid progress and industrialisation of the country. In spite of this fact the Minister has not come forward with reasons to satisfy us why this decision has been taken. What sort of pressures have worked we do not understand. We do feel that having regard to our first pledges, we have gone back on our own Resolution. It

[Shri M. M. Dharia.]

is a retrograde step, a step not in the direction of progressive advance of the country. From this point of view I would like to urge today that the Government should again think on this matter calmly and quietly. I can understand a small rise in prices if the cost of living has gone up. Of course, that also requires some sort of enquiry. But I can understand that. But the Government should, under no circumstances, remove the control, otherwise it will be the poor people who shall be the worst sufferers.

I am not a dogmatic socialist. I do know that there are a lot of changes coming. The whole age is changing. From the stone age and the steel age we are now in the atomic age. The concept of socialism is also changing. I never feel that a socialism is a dogmatic philosophy. It is no doubt a dynamic philosophy. There are certain industries where the Government cannot afford to lose its own control. We know about the formation of monopolies in this country. What is our experience? During the last 18 to 20 years we have seen that the rich have gone richer. But what about the poor people? They are just facing the very position and the very situation that they were facing in the past. From this point of view, Sir, this will be my earnest appeal to the Government not to go back on its own Resolution, not to go back, on its own pledges, not to surrender against the pressure that is hitting hard against the Government. Thank you very much.

SHRI BHUPESH GUPTA (West Bengal) : Mr. Chairman, I am very glad that we have an opportunity of expressing our indignation and our opposition to this scandalous step on the part of the Government. Hon'ble Members who preceded me have furnished economic facts and data. Facts as they are, I do not think it is necessary for me to dilate upon them any further. Now, what they have not said I should like to say. Even before it was announced in the papers, and the papers announced it before we knew, we came to know of it that cement was going to be decontrolled. Private information reached us that representatives of big cement concerns, monopolists in the country, were in Delhi and other places lobbying important personalities in the Government—well, I would not name them. This was going on

for some time and the result is decontrol of cement announced earlier in non-official agencies, indicated in this House later by the Minister, then formally sanctified by official announcement as a policy of the Government. If I had my way, Mr. Chairman, I should institute a public enquiry as to how all this came about because I suspect so many things, the underhand methods, underhand pulls, apart from political pressure and blackmailing tactics. To me the entire department is responsible for it. The high-ups are suspect. I regret to say that the Ministry is not above board. Therefore, let us not forget the other aspect of the matter. I leave it at that for the convenience of some people.

Mr. Chairman, there was no need for decontrol of cement. Cement industry is in the hands of the private sector. Out of the 38 cement undertakings, only 3 are in the public sector. The rest are in private hands and in the hands of the monopolists who are making a lot of money out of it, occupying almost a predominant position in a vital sector of our economy. Now it has been shown by hon'ble Members now they were making profits and how they were given price rise. They had been given rise in 1960. Then they were given rise in 1963-64, then again in 1965 and so on. All these things have been happening. They have been given all kinds of accommodation. And, as you know, under the Second Five Year Plan and the Third Five Year Plan, when the question of licensing came, a whole number of monopolists were given licences to start the cement industry in the private sector instead of new industries being taken up in consonance with the Industrial Policy Resolution in the public sector. Having pampered them all these months, having allowed them to reap enormous profits, now the Government has decided to appease them further by surrendering to them in a shameless manner unworthy of a decent Government. I should like to know who rules the country, who rules the Ministry. Cement kings or the Minister? I should like to know. What prevails there? Corruption, bribery and all kinds of pressure of certain decencies in public life?

The Industrial Policy Resolution, even the feelings and sentiments and views of Congressmen, Congress Members have

been forgotten. I am very glad that the Congress Executive Committee took it up in Parliament and attacked the Minister for it. But even so, nothing is going to happen.

Now, Mr. Chairman, 50 per cent. of the cement they will buy. Yes, they will buy, but not out of their own pockets. They will be buying from out of the public funds, the taxpayers' money. The high rise in cement now will be paid for to the extent of 50 per cent. out of the Exchequer of the country whose Plans are in difficulty because of financial resources. Now, are we to give this money to the cement kings or are we to keep it for national development specially at a time like this? This is the story of 50 per cent.

What happens to the other 50 per cent.? It will go straight into black market. Cement kings and cement bosses, some of them have been discussed in the Vivian Bose Enquiry Commission report. Even the Monopolies Commission, you will find, have made some strong remarks about these people and said that they exert, in fact, a considerable influence on the Government. Today we find that they are the people who are placated. Mr. Chairman, therefore, I ask what is the use of just asking us to advise this Government? It is the policy of the Government, not of the Minister. I find even the Prime Minister saying that it is an important policy. Am I to understand that they have done it because the elections are coming in, or am I to think that they have done it for some other reason. Mr. Chairman, therefore, I say about 50 per cent of it will go into the black market.

In all places black market has started. These people who run the cement industry, have banking facilities for their own outfit of distribution mechanism through which the whole thing will be channelised into the black market and the consumer will suffer. Now who will get this 50 per cent private cement outside the Government? The big industrialist will get it. Big building concerns in Calcutta will get it. Mr. Chairman, if you go to Calcutta, you will see huge skyscrapers which are being built today are being let out at high rents for each flat. These are being built by those people who want to legalise their black-

market money by building huge mansions and so on, partly with loan and partly with their own money. They are getting cement. They are having no difficulty at all. These very people will be controlling the distribution from the beginning to the end. Cement will flow to them for the construction of the houses of the rich people, for the construction of buildings and posh localities where the parasites, the exploiters can live. Cement will not reach now the villages where homesteads of the people will have to be developed, where irrigation and small projects have to be carried out. Certainly the, will not reach the municipal towns and other places. Certainly it will not reach the small consumer at reasonable prices or even in cities like Delhi, Calcutta, Madras and Bombay. It will be extremely difficult for men of middle income group to get cement even if they get other things. Therefore, it is a resort by the Government at a criminal assault on our public life. I say never a treachery has been committed in this manner in our economic life as this has been done. Mr. Chairman, therefore, I speak very strongly on this subject. Economic data I have got plenty of them. There was not an iota of justification for decontrolling cement. There was not an iota of justification. It has been done because this Government, this coward of a Ministry does not know how to stand up to the bullies of the monopolist section because there are corrupt elements in the Government, official circles, some, who in collusion with the cement bosses, have created a situation when they presented a *fait accompli* to the country of decontrol of cement. Therefore I say, they will not change. Hon. Member, you have not been able to change the Minister in your executive and parliamentary meetings I know that. The only thing that remains is, public opinion should be organised, and mobilised against this insidious, against this scandalous, against this profiteering and pro-monopolist act of the Government. This Minister claims to be a Minister of the public sector. Which public sector he is building? To-day whatever is built is there. To-day his first act, notable act, after coming to the Ministry has been downright capitulation to the monopolists. I am not saying that he is a bad man. But to-day, as a matter of policy I have nothing personal for or against him—as the Minister

[Shri Bhupesh Gupta]

in charge who is supposed to expand the public sector, work in line with the recommendations of the Mahalanobis Committee, the Monopolies Commission, work in line with the recommendations and findings of the Vivian Bose Enquiry Committee, takes powers into his own hands in order to surrender in an ignominious manner to the cement kings, the sharks and profiteers who deserve to be called to account not only by this measure but similar other control measures. If anything that the cement deserves, it deserves to be nationalised. Nothing short of that and they have given the cement industry now the decontrol. The country's money resources and various other things have been surrendered at the feet of the monopolists whom this Government and this Congress Minister begin to worship.

THE MINISTER OF INDUSTRY IN THE MINISTRY OF INDUSTRY AND SUPPLY (SHRI T. N. SINGH) : How long this will continue? I should get time to reply.

MR. CHAIRMAN : I will give a full hour.

SHRI T. N. SINGH : I should get twenty minutes to reply.

MR. CHAIRMAN : I will give to Mr Santokh Singh five minutes.

SHRI SANTOKH SINGH : I will take only four minutes.

SHRI T. N. SINGH : I should be allowed to explain to-day, not tomorrow.

MR. CHAIRMAN : I will finish it to day.

SHRI SANTOKH SINGH : I am also a socialist as has been claimed here. I am only a progressive socialist. I must congratulate the Minister and ultimately the Prime Minister for their bold step that they are taking for the decontrol and distribution of cement. We are fully aware of the evils that have been attendant with the controls. The officers have been corrupted, the people have been in trouble in getting cement from the black market, not at the price of Rs 9 but at Rs 17 or Rs 18 and somewhere in Madras I heard, at Rs 27

per bag. The second point is, they say that some money is going to the industry. I must say that unless and until the industry makes money and makes profit, the industry cannot prosper and unless and until they plough back that money into the industry and come forward in the Fourth Plan with 10 million tons more of cement, it will not be a happy thing for the country. With these words I must say that I must congratulate the Minister and also request him that as we have seen good results in the case of iron and steel decontrol when the prices have gone on very well—Mr. Gujral has missed the facts—I must say that iron and steel is easily available now, so, with the prospect of decontrol the cement position is easing now. I must ask the Minister that he should further take steps to decontrol sugar and paper also.

MR. CHAIRMAN : Prof. Lal I will not be able to give you more than 5 minutes.

SHRI RAJENDRA PRATAP SINHA (Bihar) : The President is coming at six O'clock.

MR. CHAIRMAN : I am sorry I have to carry on. I have allowed an hour's discussion. I would have loved to do it but I cannot. Prof. Lal.

Prof. M. B. LAL (Uttar Pradesh) : We, members of the Praja Socialist Party, are as much exercised over the Government's recent policy with regard to cement as our friends, the Members of the Congress, who drew the attention of the House to this question. My friend, Shri Mishra, feels that there has been a shift in the economic and social policy of the Government and my friend, Mr. Dharia, feels that the new policy of the Government is in contradiction with the Congress policy of the socialistic pattern of society. It is not possible for me to say whether they are correct or the Minister of Industry was correct when the other day he said that there has been no change in the policy of the Government. If there has been no change in the policy of the Government, the Government must be candid enough to say that while they were professing socialism for public consumption, they were pursuing the policy which favoured capitalism in this country.

For years I have been inviting the attention of this House to the fact that the Government policy of capital formation through high profits would lead to the exploitation by the capitalists. To me, this new policy of the Government with regard to the cement is a clear admission by the Government that their policy of capital formation through high profits would lead to capitalistic exploitation and to monopolistic capitalism in this country. My friend, Mr. Mishra, is very much exercised over the fact that the Government policy would lead to the people's exploitation to the extent of Rs. 125 crores but my regret is that this is the beginning of the Government's new policy and the people of India would lose crores not only in the case of cement but also in many industrial fields. In the name of capital formation industrialists are likely to be provided with new opportunities for greater exploitation of the people of the country. At a time when the people of the country are faced with a very difficult economic situation, are faced with a sad plight, they will be allowed to be increasingly exploited by the big capitalists. We were assured that there would be a Monopolies Commission and due action would be taken on the recommendations of the Monopolies Commission to see that there would not be greater concentration of economic power in the hands of a few industrial houses and there would not be unreasonable exploitation by the capitalists. But it seems to me that before the Monopolies Commission's recommendations and reports were published, the Government had decided to surrender to monopolistic capitalism and to allow it to exploit the Indian people in the name of capital formation.

6 P.M.

Sir, I beg to submit that the Government of India will have to make up its mind whether it wishes to organise India's economic life on the basis of monopoly capitalism or on the basis of socialism. Therefore, on behalf of the Praja Socialist Party, I strongly protest against this policy and wish to warn the people at large that it is their duty, to remember that the policy which the Government is going to pursue would not lead us, not to speak of socialism, even to a welfare economy, but would only lead to the establishment of capitalist monopolies in this country.

175DS/65—8

SHRI JOSEPH MATHEN (Kerala) : May I put one question before he answers ?

MR. CHAIRMAN : Before he answers ?

SHRI JOSEPH MATHEN : Yes.

MR. CHAIRMAN : All right.

SHRI JOSEPH MATHEN : While thinking of decontrolling cement, the Minister mentioned on the floor of this House that this was an experimental measure. And I want to know whether he would think of nationalising this industry if this experiment fails ?

MR. CHAIRMAN : You can deal with it in your speech if you like.

SHRI T. N. SINGH : Sir, I am beholden to the House for a discussion on this important subject. I welcome the criticisms also because they afford an opportunity for us to look to the other side of the picture and explain what the real position is. I am sorry, Sir, that some of the Members who were kind enough to offer some criticisms are conspicuous by their absence.

SHRI M. M. DHARIA : No, no. We are here.

SHRI T. N. SINGH : I would not like to say much. I am reminded of some of my own experiences in life. When we have been an advocate of public sector and socialism, personally I have had the good fortune to control and regulate many of our important public sector undertakings. And unfortunately for me, in the effort that we have been making all these months to improve that position, the greatest criticism of whatever was done in the public sector, I have found there, and most damaging things have been said about the public sector. And now, when you control it, there is criticism that it does not reach the poor man and that all the rich people are getting all the cement. When you decontrol it, then also there is criticism. So, I am reminded, as I said, of an event. There was a little child in my house. If I asked him to go out of the room, he would remain there. If I told him to remain in the room, then he would go out. So, in order

[Shri T N. Singh]

to make him behave in a particular manner, I had to say just the opposite (*Interruptions*) When any revered leader of respected memory, the late Shri Rafi Ahmed Kidwai, decontrolled foodgrains and did away with rationing, there were many a sceptic in this country saying that there was a food shortage, this and that, there was a bad harvest in the previous year, why he is doing it, etc (*Interruptions*) That he did with success I say that there are certain things which happen because of a particular psychological situation Let us sift the situation and see what is due to psychological reasons and what are the actual ones I think, Sir . . .

SHRI P N SAPRU (Uttar Pradesh) . May I ask the hon Minister whether he would favour the abandonment of rationing because that is the logic of the . . .

SHRI T N SINGH The trouble with me is that I want to be practical and I do not want to be dogmatic about a particular thing Just a few months ago, a year ago . . .

PROF M B LAL Opportunism

SHRI T N SINGH I am coming to what is opportunism Prof Lal speaks about opportunism just now and also about our abandoning the various principles

PROF M B LAL Shri S. N Mishra and Shri Dharia said that.

SHRI T N SINGH He is a very valiant fighter for socialism I know him for a long number of years

PROF M B LAL We are friends

SHRI T N SINGH We are friends and will continue to be friends.

As far as I know, lately the party of his has also been talking very vociferously about capital formation, rate of growth and all kinds of things As a matter of fact, whenever the Cost Accountants in the Government offices and the Tariff Board, after an enquiry, raise a price, there is no objection Everyone says that it is all right Suppose any one of your colleagues (*Interruptions*) I know what rationality has gone behind it When a colleague calculates and says that this is

the objective, for this purpose a particular thing has to be done, it is objectionable. What is the basis of the Tariff Commission? The Tariff Commission is actually given advice and everyone knows it—10 to 12 per cent return on capital employed. Let us see what will be the average return on capital employed on the basis of this

AN HON. MEMBER Why don't you refer this . . .

SHRI T N SINGH . One has to come to certain conclusions Once the Cost Accountant in the Government office does it, it is all right. Thrice increases have been given in regard to cement, in regard to motor cars, in regard to auto-cycles, in every case. Then it is all right. But suppose one of their colleagues himself goes into the question, looks into it, examines the requirements of capital formation for that purpose, then he is to blame (*Interruptions*). I should not be disturbed, Sir I did not disturb the hon. Member at all I have allowed him . . .

MR CHAIRMAN . You have taken so much time. You should allow him to make the statement.

SHRI T. N SINGH Therefore, we examined the whole question from all aspects and wanted that there should be a certain rate of investment in the cement industry. We know, everyone knows, what is the position in regard to equity participation by general floatation of shares, and I need not dilate on that. All the same, I think that it in this case the whatever capital formation is there it should not be used as an attraction for other capital to come in so much as an occasion to plough back all those surpluses into investment, and for that reason, I made that announcement that we are going to see to it that the profits or the surpluses are not frittered away in the shape of dividends I am that much firm and for that reason, we have been negotiating and talking to the industrialists Now today what is the position? I would like, with your permission Sir, to explain it rather more precisely as to what the position is going to be in regard to the utilisation of the surpluses so occurring In order to ensure that the net resources

which will be generated by the forthcoming increase in the price and which would be available for ploughing back for expansion or in effect to utilise for the purpose for which they are intended, the cement industry has assured us that such resources will be specifically earmarked and not used for any other purpose. Accordingly, each manufacturer will credit the net resources from the price increase into a separate fund account and the withdrawals from such accounts will be made only for meeting the expenditure on expansion and in no case for any other purpose. As a matter of fact, I may inform the House that already we have got a Research and Development Fund in the cement industry which is not allowed to be operated independently by the industrialists and it has only to go for a particular purpose with the Government's consent. So, it is some such mechanism which is going to be adopted for the same purpose. Therefore, there need be no anxiety. After all, the price mechanism is an accepted mechanism in socialist countries, in non-socialist countries and everywhere. It is the price mechanism which allows capital formation for investment purposes in any industry—even the public sector wants to do it.

I beg of you, Sir, that in regard to all public sector industries please be reasonable when we suggest that there will be a certain price for the products of the public sector in order that there may be capital formation for that purpose. So capital formation is not a sin. It is an entirely accepted principle all over, public and private, both. Merely that capital formation, as an argument, should not be used as if we are going on changing our policy. I am really amazed that Professor Mukut Behari Lal, a very learned person, should have objected to the thesis of surpluses. Without surpluses in industries they cannot move forward, and there should be always provision for surpluses and they should be invested, should be ploughed back. That is more important, and that is what exactly we are able to do even in the case of the private sector, and that is something for which we should be satisfied. Now, Sir, I want to say, I have been rather distressed (*Interruptions*) I have been rather distressed. . .

MR. CHAIRMAN : He has not yielded.

SHRI T. N. SINGH : I have been rather distressed . . .

SHRI S. N. MISHRA : Sir, his reply is not related to the points we have raised.

MR. CHAIRMAN : He has not yielded.

SHRI T. N. SINGH : I have not finished yet. I have been rather distressed at the charges made, that something was announced by somebody much before the Government made its announcement, Sir, it is a free country. Anyone can make a statement or do anything that he wants. But what was actually being done? We had a discussion. We were not satisfied as to what should be done; we said, "You go and think it over. Let us know what actually your proposals are." And therefore we will have the final voice. We did not want that we should say and then from others there should be all kinds of criticism by their announcements later on. Let them come with their proposals, whatever they are. Even now the final word has yet to be said. When I made that announcement that the dividend shall not be frittered away, that has to be finalised in some concrete shape. So the final thing is in the process of formation. Even as it is, Sir, I was reluctant because I could not say as to how I am going to prevent the dividend being frittered away. I had to be content with that nebulous statement which again has to be made very precise. Even these have to be followed up by real concrete agreements. I am against it, the suggestion that the States Trading Corporation should continue to distribute. I think, Sir, that will be the greatest folly, according to me. There should be no sharing or diffusion of responsibility. If a particular community of our people want to take up that responsibility, put it squarely on their shoulders. It will be wrong for the State Trading Corporation also to have its finger in the pie. At least we will have to say that "we have given you full trial for one year. We have not interfered. You made these promises. This was the objective. If you have failed, then for all time the cement industrialists are putting themselves in the bad and they cannot come forward with any other proposal." And then we will have a much stronger case. Therefore, Sir, I say,

[Shri T. N. Singh.]

as I said in the very beginning, that I have been most distressed. Today it is said that the poor man will be served. Yesterday there were questions that the poor man in the villages was being made to run, and yet he was not getting. I know, Sir, of my own experience in my constituency, my erstwhile constituency for the Lok Sabha. I, as a Minister, went there. A poor farmer came to me. He had built a small house costing not more than three or four thousand rupees. He wanted to have his roofing. He said, "Can I get cement from there?" I said: "Yes, you should get." He told me, "You are the cement Minister now." And I asked the District Magistrate whether he could. He thought and I thought that he will get it. But he did not get it. This is the position of the poor man when he has been recommended by somebody whose recommendation, it might be thought, would have counted.

AN. HON. MEMBER : Will he get now ?

SHRI T. N. SINGH : Now, Sir, the main point is in what way he was better off when we are pleading his cause. I say, Sir, the greatest number of representations that I have received in regard to cement decontrol is from a section of people who are building big houses in big cities. It is they who are most clamorous, and let me be permitted to say that it is they who are building such houses. Are we going to be distracted by such kind of propaganda? Therefore, Sir, I say here is an accepted principle that there should be capital formation in a particular way. After all, our economy consists of a mixed economy of both private and public sectors. The process of capital formation is the same for both, and always certain policies are there in regard to them. Provided that there are no runaway prices, provided there is a desire to understand the obligations to each other, provided that we are clear about our objectives, there should not be any objection to this policy. Therefore I would now, in all humility, suggest, Sir, that this has come after a great deal of thought. I am very sorry all kinds of imputations have been made. People have talked as if a few industrialists are there to purchase any and everybody in this

country. I say, Sir, this is very unfair, which should never be done; I have heard it with great pain. I want to know, if I were to repeat the same thing about some people, will they like it? (*Interruptions*) Sir, it has been my misfortune to listen to these things with patience, all kinds of names, sharks, this and that, that they are moving about and influencing this and the other. All kinds of things are being said. But there should be certain decencies in such things. Therefore, Sir, I would suggest that after all, after this great crisis, this country has risen as one man. Whatever our differences, capitalists, labour, and all kinds of people have at least united on the plank of patriotism. Today these people have given a promise, in all sincerity according to me, and have asked that they be given a chance to try out their method of reaching this to the people, his cement, etc. and bring some things which are really serviceable to the country. We are short of cement. The cement factories have not gone up. It is quite wrong that our plan was there and we are about three million tonnes short, that our targeted capacity has not been set up to that extent, and even then, Sir, if they want a chance, we must give them the chance. Should you always start by saying that there are some people who are alien, that some people will always misbehave? Why damn a section of the people just like that merely because somebody feels differently on a particular policy? Therefore, Sir, I say, in all humility, in all sincerity, that after a great deal of thought we came to the decision that this is a trial which we must make if the country has got to have more cement. It is essential in our villages. It is essential for our defence. It is essential for our industries. It is essential no doubt for our communications, transport and so many things, and, therefore, we have taken this decision after a great deal of thought and consideration. We are giving a real trial in all sincerity, a clear, good and decent trial to a particular proposal, and that too only for one year.

SHRI T. S. PATTABIRAMAN :
(Madras) : Why not six months ?

SHRI T. N. SINGH : We shall give that trial for one year because, speaking for

myself, I am not dogmatic. I do not say that this alone is right, but I feel that this thing can be right. After all, we have been increasing the price iron time to time. (*Interruptions*) I know that from time to time we have been raising the price, and our Tariff Commission, our cost accountants and nobody has said a word. (*Interruptions*) Therefore, Sir, even if one may fail, one has to take a chance. (*Interruptions*) No decision in this world can be claimed to be perfect. I can plead guilty to the charge that I am as much an imperfect human being as anyone born on this earth. I am prepared to being guilty to that charge. But for God's sake give us the opportunity even to behave as imperfect men and give us the credit that we have also given our thought and have

considered both sides and have come to a certain decision. There should not be this kind of opposition. Let us give it a fair trial. That is my earnest appeal and sincere appeal to the House and to the country, and I feel somehow or other that, after a year or two, the results will justify this decision.

Thank you, Sir.

MR. CHAIRMAN: The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at twenty minutes past six of the clock till eleven of the clock on Saturday, the 11th December, 1965.