

MR. CHAIRMAN: I do not know that. I will communicate your views.

PROF. M. B. LAL: Our views should be communicated.

MR. CHAIRMAN: The House stands adjourned till 2.30.

The House then adjourned for lunch at six minutes past one of the clock.

The House reassembled after lunch at half-past two of the clock, THE DEPUTY CHAIRMAN in the Chair.

MOTION RE. REPORT ON THE WORKING OF THE INDUSTRIAL AND COMMERCIAL UNDERTAK- INGS OF CENTRAL GOVERNMENT

SHRI A. D. MANI (Madhya Pradesh): Madam Deputy Chairman, I beg to move the following Motion:

"That the Annual Report (September, 1962) on the Working of the Industrial and Commercial Undertakings of Central Government for the year 1960-61, laid on the Table of the Rajya Sabha on the 7th September, 1962, be taken into consideration."

In commending this motion to the House I should like to make a preliminary observation that I do not propose to approach the subject of the public sector undertakings from the point of view of ideology or from the point of view of private enterprises or State undertakings. I shall leave it to the very competent hands of my friend, Mr. Patel, to approach it from the latter point of view and Mr. Bhupesh Gupta to approach it from the ideological angle also. I am interested more in finding out in this survey whether these public sector undertakings have come up to our expectations.

I may mention here that Mr. Herbert Morrison very pithily put the role of public undertakings by stating that they should have sound business management and public accountability. These two considerations are necessary for public undertakings. I would like to apply these two tests to the public undertakings for which the results have been published in the Report. Madam, I have been at pains to go through this annual Report carefully, and I may say that there are many gaps which have to be filled. It is true that this is the first time that the Government has published a consolidated Report on the working of public undertakings, and to that extent Government deserves congratulations for placing the results of the survey before the House. But the manner in which the Report has been drawn up and the figures juggled—I use the word advisedly—leads me to say that the Report is misleading. In the concluding paragraphs the Report says:

"The net profit earned, after providing for depreciation, meeting obligations on interest, taxes etc. showed a rise from Rs. 5.06 crores to Rs. 7.74 crores, or, in terms of percentage of paid-up capital from 4.4% in the last year to 5.5% in the year under Report."

I hope that my interpretation is correct that in arriving at this figure they have taken into consideration the profits yielded by the so-called running concerns. What the Report has done is to take the steel undertakings separately stating that they have not gone into full production. They have taken other concerns like the Ashoka Hotel, Nepa Newsprint, etc., and called them running concerns. There is another category of projects which have not gone into commission. A and C are not taken into consideration but only B is taken into consideration, and the figure of 5.5 per cent is arrived at by them on this basis.

[Shri A. D. Mani.]

Madam, I would like to place before the House the results of a study undertaken by economists about the working of the public sector undertakings which give revealing figures about the financial success of these undertakings. I would like the hon. Minister to sit with me and a committee of the opposition to go into all these figures because the manner in which the figures have been presented in this Report do not carry us very far and do not give us a clear picture of the financial results of the undertakings. I am presenting to him and the House the results of the survey which has been made of 24 public enterprises and 1,001 public limited companies in the private sector—there are only 1,001 such companies existing at the present time. The paid-up capital of the 24 public enterprises in 1960-61 was Rs. 443 crores as against Rs. 588 crores of those 1,001 companies. The borrowings were Rs. 369 crores in the public sector and in the private sector Rs. 563 crores. The profit before tax in the public sector was Rs 4 crores only, and it was Rs. 161 crores in the private sector. Now it has been worked out on the basis of these figures . . .

SHRI BHUPESH GUPTA (West Bengal): Which year?

SHRI A. D. MANI: 1960-61. It has been worked out on the basis of these figures that the percentage of return works out to 0.4 per cent. and not the figures given in the Report. As I pointed out earlier, by omitting the steel plants altogether we do not get a clear picture of the financial results of these undertakings. I may inform the House here that 64 per cent. of the total investment of Rs. 952 crores so far in the public sector is in the steel plants. Even in regard to the performance of some of the concerns like the Ashoka Hotel which have been doing very well, I may mention that if one examines all these projects and undertakings, it will be found that most of them have invari-

ably been behind schedule. When a plant is not working according to schedule, when there has been delay in the construction of the plant or the housing accommodation for the staff, to that extent the budget estimates are falsified. There should have been Rs 120 crores worth of foreign exchange saving in 1960-61 if the plants had gone into operation according to schedule. To that extent the country has lost. I would like to ask the hon. Minister what the situation would have been in the private sector if a managing director put forward a project report and spent a lot of money and the project did not come to fruition before the scheduled date. What would have happened to him? The managing director would have been sacked. Unfortunately, we do not have the means of sacking people who are responsible for the public sector undertakings. I would like again to remind the House that I am not approaching it from the point of view of private enterprise. We are interested in efficient performance. Even in regard to the costs of these public sector undertakings, the Neyveli project exceeded the estimates by Rs. 25 crores and the Heavy Electricals at Bhopal is going to exceed the estimate by 20 per cent of the total cost and we all know well that during the recent power crisis the Heavy Electricals could not supply the transformers necessary for running the Delhi power house and putting it on its feet again. This was stated by the Minister in reply. Even in the case of the Ashoka Hotel which is a very profitable undertaking—and the Hotel is one of the best enterprises run by the Government of India, perhaps much better than the Railways, and at any rate there are no accidents in the Ashoka Hotel except in the case of Mr. Walcott who was arrested . . .

SHRI BHUPESH GUPTA: How can you have accidents in a hotel?

SHRI A. D. MANI: Mr. Walcott was arrested when cartridges were found

in his possession. Anyway in the case of the Ashoka Hotel the actual cost of construction was Rs. 2.78 crores as against the estimate of Rs. 1.92 crores, and in terms of hotel bed construction each bed in the Ashoka Hotel cost Rs. 66,000 as against the estimate of Rs. 35,000 which had been set by the Hotel Standards Committee. All these delays in production and delays in the implementation of the project according to a scheduled date have cost the exchequer a substantial financial loss which has not been measured, and we would like the Government to undertake a survey about this matter also so that we can have a clear picture of what these public concerns are costing us. Even in regard to production there has been a lag in production in many fields. The production of streptomycin and ammonium sulphate has not been adequate. We should like to ask the Government why after a project has gone into commission and is working, the production has not come up to the expected target. This is a question which the public have a right to ask the Government to explain. We do not get sufficient information on all these matters. When I go to speak about the working of these companies, I shall say something more about the information that Government gives periodically in the form of reports submitted to this House and the other House.

Now, there is one other point about these public sector undertakings, and I thought that I should mention it, because ultimately applying the Morrison test is a combined test of sound business management with public accountability. These public undertakings have been set up because it has been felt that a private enterprise makes profit while a public sector enterprise would not work for profit but would work for the welfare of the community. Now, the cost of articles produced in the public sector, the cost structure, has not been fully analysed. For example, penicillin is, I

believe, 50 nP. higher per million unit than the imported price of penicillin. And even in respect of fertilisers, we have not been able to effect sufficient economies in production whereby the cost of production of fertilisers in India is lower than the imported price. And as far as newsprint is concerned, I can speak with some knowledge because the newspapers are asked to pay Rs. 1,064 per ton for the Nepa newsprint while the imported newsprint is Rs. 164 less in value than the newsprint produced by the Nepa Mills. The cost structure is a very important consideration in assessing the value of the public sector not only in terms of the results but in terms of the service that it can render to the community. Now, there has also been a good deal of criticism in regard to the reserve position of these public sector undertakings, namely, that the reserves are not satisfactory. In the case of a private-managed enterprise and a private limited company the reserves must have a relation to the paid-up capital. In the case of twenty-four public enterprises, the paid-up capital was Rs. 443 crores and in the case of 1,001 public limited companies, it was Rs. 588 crores. I mentioned these figures earlier. The reserves in public sector undertakings is only Rs. 22 crores and the reserves in the private companies is Rs. 510 crores. Why should there be such a wide disparity in regard to reserves? One of the difficulties in regard to the study of these figures which the Government has presented is that we do not know at what rate depreciation is charged in all these public sector undertakings. The Air-India International and the Indian Airlines have an interest-free holiday up to 1966 and, I believe, the Hindustan Steel has also an interest-free holiday. That is, on the money invested by Government, no return is given by these undertakings till this period is over. This is also a loss sustained by the community. Now, I may also mention here that while there are some concerns like Hindustan Machine

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Tools and the Resin and Turpentine Factory in the Himachal Pradesh which have done well, which have yielded higher profits than the units in the private sector, these units are more or less in a semi-monopolistic position. Once that monopoly is taken away and once they are asked to come forward and compete with the enterprises of the private sector, then only we shall be able to see whether they are able to maintain this high rate of return. Nobody knows whether the number of men who are employed in the public sector enterprises, in steel plants, etc., are necessary for the job. Recently, there was the Solveen Report on the Rourkela Plant which has cost us more than Rs. 212 crores and the Solveen Report mentions that there are 3,500 men working in Rourkela while the number of men necessary to run the plant is only 900. This is the Solveen Report which has been submitted to the Government. In the private sector the enterprises are much smaller staffed. The problem of over-staffing is one of the most serious problems of the public sector enterprises. I do not know how far the various Ministries have done the cost accounting evaluation of production in the public sector units. The cost accounting which is done in private sector enterprises is not done in the public sector enterprises at all. If cost accounting is done, we shall be able to find out whether there has been any excessive expenditure which could have been avoided in the production of a particular article. All these factors clearly show—while I do not wish to run down the public sector undertakings because they have not done well—the time has come for Government to conduct a *de novo*, full-fledged enquiry into the conditions necessary for the setting up of a public sector enterprise. I may recall here that in the first enthusiasm created by the nationalisation of the coal mines in Britain by the post-War Labour Government, we too thought in terms of socialism

and nationalisation and the State sector expanding in every direction. But we have passed far away from the year 1948, and it is necessary now for Government to find out in what conditions a public sector enterprise should be set up and in what conditions it should not be set up. Enquiries have been conducted in England which have shown that the public sector enterprise is necessary in those areas, in those sectors, where capital is not forthcoming in adequate quantity or where there is not enough scope for the private enterprise or where materials are produced for strategic and defence purposes. It is necessary that Government should reconsider the expansion of the public sector enterprises. Again applying Mr. Morrison's test of sound business management, if a public sector unit is not going to work as well as a unit in the private sector, why should Government invest more and more money in the public sector undertakings? Unfortunately, our foreign exchange difficulties at the present time are not a little due to the ineffective working of the public sector and the public sector undertakings not coming up to the expectation entertained by the planners.

I would like to mention further that we have also to think of reorganising the present set-up of public undertakings. Some are departmentally-run organisations like the Integral Coach Factory in Madras run by the Railways, some are limited liability companies and some are public corporations. Now, in regard to limited liability companies, everyone knows that two persons can form a company. The President of India and the Secretary of the concerned department can, by becoming subscribers, float a private company. I have tried to go through the reports of some of these private limited companies and I should like to say that one does not get wiser by reading them. In the case of a private limited company the directors have considerable latitude of operation,

and they are in a position to run their enterprise with full discretion. There is a shareholders' meeting but at the shareholders' meeting only questions in respect of the annual balance-sheet can be raised because even the agenda is determined well in advance. Of course, it is open to a shareholder to raise any matter by sending a requisition for a special meeting of the private limited company. In the case of the public undertakings which are accountable to Parliament, again coming to Mr. Morrison's second test, we should have much more information than what is given in the reports of private limited companies owned by Government. There we have a very poor narration of the financial transactions and a short statement on how the company is worked. What I should like to see in all these things is a performance report from the public and the private limited companies that they expected to produce so many tons of steel, that they were able to produce only this much, that the shortfall was due to these factors, that the cost of production was estimated like this but that the actual cost worked out a little higher and so on so that Parliament may have full information on all these matters.

In regard to private limited companies, I should like to mention that the Estimates Committee many years ago went into the matter of the working of these companies and some observations of the Estimates Committee may well bear repetition here. This is the Balwant Rai Committee's Report, the 1954 Report. Now, this Report says:

"The meetings of the Board are held at various places where the undertakings are located, and these meetings generally take place after long intervals for a short period of a day or two. The agenda is run through, as it were, each Officer giving his Department's point of

view and then hurrying back to his post of duty."

Most of the private limited companies owned by Government are manned by officials, and the Estimates Committee, even at that time, recommended that the Boards of Directors of these companies should consist of men of known business experience, that is to say, we purchase talent in the open market by getting people who will work as full-fledged directors, as the directors are working in the Tatas and other business concerns, and I would, therefore, suggest to Government that if they are going to continue the private limited liability form of organisation for many of their concerns, they should try to weed out the official element as much as possible and take businessmen as recommended by the Estimates Committee. Further it is time for Government to think in terms of the public lightening its burden in regard to investment in these undertakings. Somehow, in spite of the Estimates Committee's recommendation that 25 per cent. of the capital of these private limited companies and public undertakings should be subscribed by the public, no action has been taken on this recommendation of the Estimates Committee. If it is possible for Government, they should throw open 25 per cent. of the capital for private participation and take representatives of private shareholders also on the concern so that these representatives may go to some extent to neutralise the official element on the Board.

Further, Madam, I would like to say that in regard to recruitment of staff for these undertakings, the Estimates Committee, many years ago, recommended the setting up of an industrial and commercial cadre. It may be necessary for Government to think in terms of paying for this cadre more than what they pay an I.A.S. officer. But as long as income-tax takes away a substantial portion of higher salaries, the State is not going to lose, because what you pay in the form of

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higher salaries you will get back in the form of income-tax at some stage. In regard to a cadre like this the present recruitment policy is not satisfactory because somehow we like to believe in the open door policy, of senior officers being chosen by the Public Service Commission. If there is to be an industrial and commercial cadre, there should be a separate Public Service Commission for this purpose, and men who have technical knowledge of the requirements of business and industry should sit on the Public Service Commission and the terms of emoluments may have to be somewhat different from those obtaining for Government servants since in Government, if a man enters service at the age of 24, till he is 58 he cannot be retired even though he is inefficient. But in the private sector, if a man is not good, he is given what is called severance pay and asked to go away with six months' salary or eight months' salary. So their terms of emoluments should be quite different from those of the Government servants.

Madam, so many public sector undertakings are working. Some are called running concerns; some are called concerns which are under construction and which have not yet begun to run; some are called concerns managed by departments of Government. Sir, it is time that we have a separate Ministry for public sector undertakings. Now my hon. friend, Mr. Bhagat, who is here, can answer only for the Finance Ministry, which is ultimately responsible for these undertakings, but if one were to ask him detailed questions about the steel plants, he will not be in a position to answer. Unless we have a Ministry for public sector undertakings, which has the advantage of the pooling of information gained from the working of the various public sector enterprises, we will not have an efficient policy implementation. If a Ministry of that kind comes into being, what I would expect is for that Ministry to function as the Ministry of Production functions in the Communist countries. Madam, I went to Poland

and visited the Ministry for Coal Production, and they told me that they have a weekly report about the output in the coal-mines, and if there is a shortfall, an immediate explanation is asked for. If the Ministers concerned are asked when they get the reports from the public sector undertakings, they would perhaps say that it will come after two to three weeks, and then an enquiry has to be made. The way in which Government runs its business cannot be the way Government can run a private enterprise, and if a Minister is appointed for public sector undertakings, we will have the advantage of a uniform policy. The present Report itself mentions that in regard to the apportionment of depreciation there has been a variation from one enterprise to another, that some followed the 'straight line' method and some others followed the 'diminishing balance' method, and they themselves suggest that there should be a uniform policy. If Mr. Bhagat recommends a uniform policy, the Ministry concerned may not accept it. So from all points of view a Ministry for public undertakings should be created.

There is also another aspect of this matter, and that is that the consumer has a very big part to play in determining the future of these undertakings. Now in the case of the Hindustan Antibiotics—the same may happen with the other undertakings—they have allowed a rise in the price of penicillin, but it is the consumer who pays, and the consumer who pays, pays in the form of a very rigorous indirect taxation. There should be a consumers' council appointed, consisting of people affected by each public sector enterprise so that they may have advice to offer on the cost structure of the products of the public sector enterprise.

Madam I have also mentioned about over-employment in the public sector undertakings, and it is time for Government also to go into the question of the entire staff of the public sector

undertakings. Rourkela is not working well and it has never worked well. Since its first coke oven battery was commissioned in 1956 the steel plant there had not gone into full operation on account of many snags and failures in the factory. Therefore, the Government should conduct an enquiry into the staff of these undertakings and prune them away wherever necessary.

Madam, we have spent a lot of money on these public sector undertakings, and I feel that before we go up to the targeted outlay of Rs. 2,500 crores under the Third Plan, we should now try to assess the working of these enterprises and find out whether they are giving the proper return to the community. If it is not giving a proper return to the community, there is no point . . .

SHRI P. N. SAPRU (Uttar Pradesh): You want them to be handed over to the private sector?

SHRI A. D. MANI: No, no, we should run them on, better, but we do not expand these inefficient enterprises. That is the submission that I would like to make to the House.

The question was proposed.

SHRI PANNALAL SARAOGI (West Bengal): Madam, I listened very carefully to the highly critical speech of my friend, Mr. A. D. Mani on the working of the industrial and commercial undertakings of the Central Government. I felt as if he was suffering from a sense of lack of sympathy, which we must always have when we discuss any important matter.

There are always two sides to a question, and in the present discussion also we have to take into consideration both the aspects. Just as about a glass, which is half full of water, we can always say that the glass has water, we can also always say that the glass is empty or half empty. Similarly, in such a discussion we can always point out both sides of the matter. While he was discussing the subject I found that he mainly based his

discussion on three or four points. First of all, he was highly critical about the higher cost and low efficiency, secondly about the rate of return, and he also mentioned about the methods of recruitment of staff and allied matters. While I go on at 3 P.M. to discuss these things, I would like to point out that we are in the same process of industrial development today as the U.K. or the Continent was during the period of the Industrial Revolution. But there is one difference. We want to make up within a period of a few years decades of development. Hence the country is feeling the stresses and strains of a rapid development. Moreover, we are living in a period of rising costs all over the world and our costs are increasing faster. I would like to enumerate the different stresses and strains with which our economy is suffering and which have led to delays and higher costs in the setting up of our big industrial undertakings in the country. They are:—

- (i) Lack of efficient cost accounting system.
- (ii) Lack of managerial personnel.
- (iii) Dearth of technical institutes and instructors.
- (iv) Lack of healthy trade union movement.
- (v) Absence of productivity consciousness.
- (vi) Complete dependence on foreign supplies not only in setting up of the projects but also for running them; and
- (vii) In very many cases the problem of maintenance of projects.

In a way, these are inherent in an economy heavily dependent on agriculture. No wonder, therefore, that our estimates have gone wrong and there have been extreme delays. But what is important to make note of is that these factors should not make us

[Shri Pannalal Saraogi.]

complacent and the Government should not take shelter under one pretext or the other for the future and for all times to come. Now that we have the experience of over a decade of planning, these obstacles should in future be guarded against properly and steps taken to see that public sector projects fare in the Third Plan rather successfully.

I would now like to speak something about the rate of return, and I would say that it is true that the rate of return is rather low. But it should not be forgotten that the industries in the public sector are the basic industries of the country vis-a-vis the consumer goods industries which form the bulk of the industries in the private sector. Mr. Mani referred to the study of the Reserve Bank of a thousand and one industries in the private sector. He compared the figures of the public sector industries vis-a-vis the private sector industries. There what I want to point out is that the public sector industries are the basic industries. The private sector undertakings are mostly consumer goods industries. Moreover, these public sector undertakings are industries where India had no traditions before and had to develop new skills. Of course, there is lethargy and weakness here and there which nobody can justify. But the point is that if the Hindustan Machine Tools could become an ideal image of public sector undertakings, why not others could emulate and follow the same?

Another pertinent point is that but for the public sector projects the drain on foreign exchange today would have been phenomenal. One other point that I would like to stress is this. Which private sector industry today has got the capacity to invest Rs. 400 crores or Rs. 500 crores or Rs. 1,000 crores? The biggest private sector combine today has a paid-up capital of Rs. 72 crores. That is important. If the Government had not succeeded in setting up the Bhilai steel project, could there have been a Rourkela or

a Durgapur? Moreover, the private sector would not have succeeded in setting up an integrated machinery project or a basic chemicals project. Madam, I am basing my observation on the fact that very recently the Government had allocated the setting up of fertiliser projects in the private sector, but I am really very sorry to say that the setting up of fertiliser projects in the private sector has not been very successful. So let us, by all means, point out the weaknesses of the public sector undertakings but let us not also forget the service which they have done in building up the base of industrial development.

Madam, we all know that costs in the public sector are more but even with bigger costs industries have to be set up, and the base has got to be strengthened. Let us criticise in a spirit of healthy competition but not decay just for the sake of criticism.

I agree that the performance of public sector undertakings so far had not been up to the mark but, by and large, the thing has got to be viewed rather sympathetically. We all know that even when modern weapons have been imported, we do not know the technical know-how, how to use them. So, how can we expect that perfection could be attained in such a short time in such big industrial projects? I personally feel that these big industrial projects in the public sector undertakings are really the pride of the nation, and we should all aim and see to it that they are run properly.

Mr. Mani referred to recruitment in the public sector undertakings. I would draw the attention of the hon. Deputy Minister to the constitution of a technical pool by the Government today which supplies a large number of personnel for our public sector undertakings. I personally think that there is virtually no recruitment today from the Union Public Service Commission. May I ask the hon. Deputy Minister to let us know the total number of people in the technical pool and the number of people absorbed from this pool in the public sector undertakings? This will throw sufficient light on the matter of recruitment.

Mr. Mani also referred to the conduct of staff and labour in the public sector undertakings. But, Madam, we all know that human conduct is just the same whether it is in the private sector or in the public sector. Let us not take the vicarious pleasure that something has gone wrong in this sector or something has gone well in that sector. The labour problem or the problem of staff has got to be viewed in the larger perspective and an integrated approach has always got to be taken.

Madam, in the last session there was a talk of a Public Sector Undertakings Committee to be formed from amongst the Members of both Rajya Sabha and Lok Sabha. This Committee was to have been distinct from the Public Accounts Committee and the Estimates Committee. We would like the hon. Minister to enlighten us about the progress made in this matter. Thank you.

SHRI M. S. GURUPADA SWAMY (Mysore): Madam Deputy Chairman, this is not the first time that we have been discussing about the problems of the public sector. Many times in the past we have expressed our opinion in regard to the various problems, trials and tribulations, drawbacks and bottle-necks, regarding this sector. We are now discussing a Report which is two years' old. It is a sort of *post mortem* examination. But we are discussing this Report today with a view to deriving certain lessons whereby we would be able to solve some of the difficulties, some of the problems and some of the confrontations that we have been facing in this sector.

Madam, the hon. Member who just preceded me said that, after all, the performance is not so dismal; it is not so bad, and all that. May I point out that the whole discussion should centre round one factor, that is, whether the anticipated surpluses that are mentioned in the Plan are going to be realised, whether the specific goals and targets fixed in the Third

Plan are going to be reached, whether in the past shortcomings occurred and, if so, whether these shortcomings were beyond human control? These are the problems which have to be properly analysed and solutions found. One of the greatest problems of the public sector has been that there is considerable slippage, continuous slackness and a mood of indifference which is responsible for some of the problems in the public sector. I may, in this connection, point out the example of the Hindustan Steel Company. Many times in the past criticisms had been levelled that the Hindustan Steel Company was not proving worthy of its existence because the performance in the steel projects at Bhilai, Rourkela and Durgapur, had been so low that we had not been able to reach the targets fixed for the Second Plan. Even now, as it is, we are afraid that we will not be able to achieve the target fixed for the Third Plan. Already in the Rajya Sabha the hon. Minister, Mr. Subramaniam, pointed out that we might be behind the schedule by one year. That means we will not only be not able to fulfil this target but we will be forced to rely on more and more imports of steel. It means continuous drainage of our foreign resources which is already very much depleted. Therefore, the problem is whether we would be able to create surpluses in these public sector undertakings which can be ploughed back for expansion, for further development programmes that we have already drawn up. Now, the greatest danger seems to be that the projects that have been in the public sector are suffering from both problems of organisation and management and also lack of costing as well as lack of national approach in regard to profits. In all the countries of the world, these two factors have been taken into consideration, one that there should be proper costing, that is, there should be proper pricing based on costs and secondly, there should be proper and adequate return for the investments made. I do not think sufficient attention has been

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bestowed upon these two problems. There has been slipshod approach, slipshod thinking. As a result we today find that the return on the huge capital invested is so ridiculously low. The Report goes on to point out that there has been some sort of return. As my friend, Mr. Mani, pointed out, this has been rather misleading because all the projects have not been taken into consideration. The Hindustan Steel Projects in these three areas have not been taken into consideration while calculating this return. Therefore, it will be very misleading to say that there has been adequate return. I may point out that recently efforts have been made to find out the exact return on the investment made in seventy-two public enterprises and the House is aware that the return on the investment made in all these projects is somewhere near 0.3 per cent., not 4.5 or 5 per cent. as claimed by the authorities. Therefore the performance is rather low and it is far from satisfactory.

There is another point which has to be taken into consideration. One of the problems that have confronted the public sector undertakings has been that there is too much of Central control, financial and administrative, leading to too much of regimentation and killing of local initiative and autonomy, thereby upsetting the efficient working of these various undertakings. Of late some steps have been taken to bring about devolution of power and responsibility to give more organisational power to the General Managers of these various projects but unfortunately not much effect seems to have been produced. Still there is so much of control from the top. The initiative and independence and sense of responsibility are completely lost sight of at the local level. It is very visible in the projects in Bhilai, Durgapur and Rourkela. Now, the Report goes on to say that there were certain difficulties in way of commissioning these steel projects but I am amazed to

find that the projects have been completed but commissioning has taken such a long time. There is so much delay in commissioning these projects. I do not know why there should be such a delay. I do not understand why plans have not been drawn up in regard to the various phases of development, the various phases of commissioning and various phases in regard to even expansion. I do not think if even today these have been formulated. They do not seem to have taken care to see that these things are implemented in proper time. I know that there will be many omissions and commissions when we undertake big projects but these occasional faults should not become a habit. They should not lead to consistent omission or commission on the part of the authorities. Unfortunately, the story of these public projects has been a story of continuous neglect, continuous indifference and continuous omission.

SHRI A. D. MANI: Inefficiency too.

SHRI M. S. GURUPADA SWAMY:
There is one more point which is vital. Some time back we discussed here the necessity for having a Parliamentary Committee to watch the functioning of these public undertakings. There was some dispute in regard to the powers and composition of this Committee but I do not know why this has not been brought during this Session. I can understand that we are meeting in a very great emergency and it requires that we should devote more attention to problems of emergency. But now it is time that the Government should come forward with their proposals to set up a Committee of Parliament where both the Rajya Sabha and the Lok Sabha should be equally represented, should have equal powers and equal responsibility.

There is one more point in this context. It was raised some time back by some Members that in regard to various undertakings in the public sector, it would be advisable to have

one pattern of organisation. There have been different patterns. Today some are managed under Company Law Administration, some are managed as departmental undertakings, some are managed as corporations. So there are different types or patterns in the set-up of these organisations. It would be desirable and also necessary that one pattern should prevail. I would suggest that these organisations should take the form of public corporations and as far as possible, we should avoid registering these bodies under the Companies Act and if we do this, we will be achieving a number of advantages. The main advantage would be that these corporations will be in a better position to discharge their functions without the various laws and various procedures contemplated in the Companies Act. Secondly, the public accountability of these corporations will be very much assured. Therefore, there should be a single pattern of organisation and public type of corporation should be preferred to other types.

Lastly, I would suggest that a lot of stream-lining is necessary in regard to the working of these public undertakings. I know that some steps have been taken in this regard and some officials also have been removed, officials who have been found to be inefficient and incompetent, and the procedures are also being very much stream-lined. I would suggest that there is a lot of delay and because of these rules and regulations, the red-tapism is rather very much in vogue still. I suggest that during this emergency it would be necessary that all this should be cut to the minimum so that the projects may work in full speed, in full tempo and necessary steps to vitalise the working of these projects should be undertaken by the Ministry soon. Thank you.

SHRI ARJUN ARORA (Uttar Pradesh): Madam Deputy Chairman, today the public sector plays a very important role in the country's econo-

mic life. This Report before us is not a complete picture of the economic activities that are going on in our public sector.

SHRI LOKANATH MISRA (Orissa): It is a presentable selection.

SHRI ARJUN ARORA: It is not a selection, as the hon. Member of the Swatantra Party seems to imply. The fact is that the biggest and the most efficiently run public sector enterprise, namely, the Railways, does not figure in this Report. There is the defence industry which also does not find place in it.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI B. R. BHAGAT): They are not commercial undertakings.

SHRI ARJUN ARORA: That is what I want to say. This is not a complete picture of the role that the public sector plays in the economic life of the country. As I said, the Railways are not there and the defence industry undertakings are not there. Only a few of the factories are included in this Report.

It is strange that the protagonists of the private sector, the advocates of unbridled free enterprise and champions of the capitalists lose no opportunity of attacking the public sector. The public sector is attacked because it is not able to give suitable returns. The public sector is attacked because it is said that the people who know things could have done the thing much better. The public sector is an infant only a few years old. These commercial and industrial undertakings whose Report is under consideration today, are only a few years old. Before these undertakings came into being, the private sector had the fullest sway over the country's economy. What had it achieved then? You look at the economic picture of the country in the year 1945. Most of the industrial undertakings that were in this country were installed, not by the Indian industrialists, but by

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foreign capitalists. In 1946 when, thanks to the heroism of the people who fought for freedom, it became evident that the British empire would no longer be able to hold India, the British industrialists, Scotsmen in particular, began to sell their industrial units and those who had made money in the stock exchange, those profiteers who had grown rich during the war years, those tax-dodgers whose mysterious wealth had accumulated during the war years, began to buy the industrial undertakings that had been installed by foreign capital. I say that the wealth of these people had grown mysteriously, because during the war, for several years, the taxation was more than 15 annas in a rupee and so all those who managed to accumulate tens of crores were obviously evading taxation, were obviously indulging in immoral activities. That is why in spite of the very heavy rate of taxation, the end of the war found them possessing so much wealth. The private sector in this country is neither an example of industrial vision, nor an example of good management. My learned friend here referred to costing. He also referred to returns. But I may say that in the private sector today it is quite customary to maintain three sets of balance-sheets, one one balance-sheet for the shareholders and the workers, one for the Company Law authorities and the Income-tax department, and the third for those who run the industry, the managing agents and the like. In spite of all that the Companies Act has done, the existence of two or three sets of account books is a common feature. If private industries say that there is no return in the public sector, I would refer them to the innumerable bonus cases that are being contested in the industrial courts. Every time the worker whose hard labour yields the profits, whose hard labour leads to results which make it possible for the industrialists to run their Cadillacs, ask for a bonus, these industrialists plead that they have no capacity to pay. They make this plea before the

Wage Boards appointed by the Government of India for example in the case of cotton textiles, sugar, jute, iron and steel, coal-mines, tea plantations and so on. In every case the employers have come forward and said: "We have not the capacity to pay a pie more to our workers." The private sector industries which have been established for a long time plead today that they have got no capacity to pay a single pie more by way of wages to the workers. Yet they are presented before this House as the paragons of virtue and experts in management. Madam, I would say that such expertise is not good for the country, and the sooner we dispose of them the better. Madam, our dependence on foreign supplies was very great indeed, before the public sector began to play its significant part in our economic life. The way the private industrialists had been meeting their needs of spares and their needs of stores by draining our foreign resources was a disgrace and today, when the public sector is working for removing that drain, it is held up as an example of bad management. I say, let there be bad management, as long as the money remains in this country and even if it is in the foul pockets of these people it can be brought out and wherever it be, it can be ultimately mobilised for the national good. But if the private sector is given unbridled play, what will happen is not only the spare parts that they need, not only their stores, but also the lipsticks and creams for their wives will continue to be imported, taxing our slender foreign exchange resources. Madam, the question today is, will this country prosper or will it sacrifice the prosperity of the nation for the sake of a few rich individuals who claim that they run their industries very well? This claim they put forward, not before their workers, not before people who know the industry, but from platforms like this.

Madam the wastage in the private sector is phenomenal. The war profits and the profits that the private

sector industries earned during the post-war years, were squandered and these paragons of good management today come before the Government and the public sector and ask for money for rehabilitation, for modernisation and expansion. As many as six financing organisations have been set up by the Ministry of Finance to lend money to the private sector. The whole of the private sector today is, actually speaking, mortgaged to these organisations which have been set up to finance the private sector, to meet its needs of rehabilitation, modernisation and expansion. Where is one industrial unit in this country which has been established during the last five or six years without financial and other aids from these public sector finance organisations? I challenge the protagonists of the private sector to mention only one. I know some and I know they are heavily indebted to the Government. It is strange that Government gives them money to squander in the name of rehabilitation, in the name of modernisation and for expansion so that ultimately their industrial empires grow. They refuse to pay fair wages to the workers and they refuse to pay them bonus. The rate of dividends in the country today is such that the middle-class investor is absolutely unwilling to invest in industry because it has no faith in that managerial experience of which we have heard so much. The middle-class investor, the small investor, used to be the backbone of the industry; he used to provide finance and he did not bother about the management. All he needed was some dividend at the end of the year. The managerial class, the managerial experience, cost control and all that rubbish that we are told again and again leads only to one thing and that is that the rates of dividend are infinitely low and the small investor simply refuses to invest in the industrial enterprises of the country. There is no effort at research in the private sector. No industry in any part of the world has prospered in the absence of research. The private sector in this country is the singular example of managements having

nothing to do with research. That, I find, is a regular feature in almost all public sector industries. Their researches will help them to expand, help them to modernise and help them to improve their efficiency.

As far as the targets are concerned, it is really a surprising thing that a socialist like Prof. Gurupada Swamy should lament that the targets were not achieved in time. Those familiar with industrial undertakings know very well that it takes years of production for industries to reach their rated capacity.

SHRI M. S. GURUPADA SWAMY: But that is the rated capacity given by them.

SHRI ARJUN ARORA: Yes, but I am sorry, a rosy picture was painted and even learned people like Shri Gurupada Swamy were taken in. In industry rated capacity is hardly achieved during the first few years. The efficiency chart of any industry can be cited to show that efficiency in the public sector steel plants is not as low as it is sought to be made out, though it is correct that the targets have not been reached, the full installed capacity is not properly utilised. That happens in any industry. Take, for example, the great automobile industry run by the private sector in the country. It has had decades of protection and still it needs protection and every year protection is granted. If it is so well managed, if the cost control is so wise, if it is very efficiently and so magnificently run, why can't that industry, after fifteen years of existence, compare and compete with any foreign producers? The fact today is that the greed of the private sector is so great and even innocent men like Shri A. D. Mani are deceived and they begin to plead their case. The private sector in this country can hardly produce an example where cent per cent. efficiency has been achieved. I am familiar with the working of some industries in the country and I know that in the private sector during the last fifteen years efficiency has gone down, the lot of

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the workers has also gone down and the only thing that has happened is that the standard of living of the managerial class and the entrepreneur has grown. So, it is time we applied some curbs on them and have more and more of public sector enterprises with the sole aim of securing for the country economic independence and putting an end to our dependence on foreign supplies altogether.

SHRI DAHYABHAI V. PATEL (Gujarat): Madam Deputy Chairman, I would like the discussion on the subject that we have before us, namely, the working of public undertakings, to be rather restricted to this subject instead of digressing into a general discussion on the benefits or otherwise of public undertakings, private sector, public sector, etc., as very recently we have had one such debate. Besides, the number of State undertakings covered by this Report is too numerous to be dealt within the short space of time that is available for this discussion. Since the implementation of the 'Industrial Policy Resolution', a number of public sector undertakings have come into existence, a sizable number of which have been completed and are in full operation. At this stage, therefore, it is necessary to assess how far the large investments entailed in these undertakings are efficiently utilised and how far they will effectively assist the process of economic growth. The Third Five Year Plan estimates that as compared to the beginning of the First Five Year Plan in 1955-56, the contribution of the public sector will increase from less than two per cent. to nearly a fourth in the organised manufacturing industries and from less than a tenth to over a third in mineral production. It is necessary, therefore, to assure that public investment is utilised in a manner that would yield maximum production with minimum cost to the society. A review of the working of public enterprises, however, leaves the impression that they have yet to come up to expected standards. In this, Madam, Members of the House have

another difficulty. The reports that are before us, of the various undertakings, are not according to any standard pattern and so it is not easy to judge or compare the results of different undertakings or, as a matter of fact, from year to year. I would like reports to be put before Parliament and the country in the form of proper commercial accounts, accounts that are duly audited, reports that are presented in time, not delayed. as, for instance, this Report could be classed. We are discussing a Report on something that is two years old. If these reports are placed before us in this manner, they lose much of their importance. Madam, there is reference, for instance, in the Report to the working of the de-luxe hotel, the Ashoka Hotel. I wonder how a reference to this hotel is relevant in the present context when the number of tourists who will visit this country is going to be very small. The rosy picture that we have before us of the working of this hotel is something that relates to its working a few years back. How is it certain that this is going to continue in the present circumstances? Therefore, it is necessary that reports of this type be presented to Parliament without delay and as early as possible. Whatever the reasons the fact is admitted and recognised that the public sector undertakings are not yielding what they were supposed to yield when the projects were conceived, planned and taken in hand. It is not correct to my mind to say that this was an overestimate. After all the Planning Commission which decided finally that the particular project was to be taken in hand did not do it in any light-hearted spirit. They had a good deal of consideration, they spent a lot of time, consulted experts and it was planned that a particular project in so many years would yield so much money. We have failed very miserably in this. As a matter of fact, as was pointed out during the Budget discussions, any rise in taxation would not have been necessary during the last two years if the public sector projects had been yielding what they were supposed to

yield. What a dismal failure of the public undertakings this is. Madam, I would say that in any free country the person in charge, the Minister in-charge would have been impeached if such a failure had taken place. We have heard from friends here what is being done in totalitarian countries to people who fail miserably in this manner. Here we do not know how many people have been taken to task for failures of this type. Perhaps some of them may have been transferred; whether they have been kicked up or down we do not know but as long as the Government takes up this complacent attitude about these repeated failures, about the losses that the exchequer suffers—ultimately it is the tax-payer who has to pay for these—there is no likelihood of any improvement being effected.

There was reference, Madam, by some of the previous speakers to a Committee that was contemplated for public sector projects.

[THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) in the Chair.]

If such a Committee were to mean more rigorous inspection by Members of Parliament of some of these projects, I would certainly welcome it but if this Committee is in any way to detract from the authority of Parliament or from the exercise of the power of audit that the Auditor-General exercises over these projects, I would be most strongly opposed to any such proposal. And I believe that was one of the reasons why the proposal was more or less still born.

I do not want to burden the House by repeating some of the points that have been mentioned as to why there has been failure, failure because of inefficiency, because of delay in the implementation of the schemes, because of poorer return since the capital investment has been much more than was originally planned and for which no serious action appears to have been taken by the Government. It is said that the private sector enjoys certain advantages over the pub-

lic sector. I am afraid that that is not a correct statement of facts. The private sector does not enjoy the power that the Government has. When machinery for the steel plants was being imported, for instance, the Port Trust evolved a new process, what they called, the no-pass process, by which the machinery was cleared without customs clearance certificates of settlement of duties. I am not against that procedure if it was necessary to see that the goods were cleared from the docks quickly. After all, as far as the duty was concerned, it was going from one pocket to another and if this process saved time it was worth while. But I must point out that it is necessary for the House to remember that no such facilities are available to the private sector. The private sector has to take to the normal course and in spite of that the private sector has been able to stand better than the public sector. Let us recognise that fact.

Then my friend, Mr. Mani, made a comparison from the Reserve Bank Survey and he brought out several points which are real points worth considering. I believe he omitted one point because of shortage of time and that is that the borrowing in the public sector is very often at a very low rate. Very often it is free of interest while some of the borrowings are at 2½ per cent. while the private sector has had to borrow at very high rates, from 7 per cent. to 12 per cent. Even then how is it they are able to stand competition?

In conclusion, I would once again refer to the remarks that we heard from the visiting President of the German Democratic Republic that a country is built, that the industry of the country is built, by hard work; there is no other way to do it. Unfortunately in this country we are going about it the wrong way.

SHRI N. SRI RAMA REDDY (Mysore): Mr. Vice-Chairman, Sir, I would like at the very outset to point out that the Report, that has been presented to us and which we are dis-

[Shri N. Sri Rama Reddy.]
cussing today, does not represent the whole picture of the public undertakings. Here, in this Report, 42 industries have been dealt with. The undertakings that are under construction, completed undertakings not fully commissioned, running concerns and promotional and developmental undertakings, all of them together come to 42 undertakings, whereas in the Explanatory Memorandum on the Budget of the Central Government presented to us at the time of the discussion of the Budget, a different set of figures was given to us. There it has been mentioned that there are as many as 74 industries managed by the Central Government under the different Ministries. An analysis of this shows that these 74 industries are managed by 12 Ministries. The Ministry of Commerce and Industry are managing 28 industries. Under the administrative control of the Ministry of Finance there are 6 industries under the Ministry of Transport and Communications 7; Ministry of Defence 4; Ministry of Food and Agriculture 2; Ministry of Home Affairs 3; Ministry of Irrigation and Power 1; Ministry of Rehabilitation 2; Ministry of Scientific Research and Cultural Affairs 1; Ministry of Steel Mines and Fuel 14; Ministry of Works and Housing 3; Department of Atomic Energy 2. Thus in all there are 74 industries managed by the various Ministries of the Central Government. I do not know why only 42 industries have been singled out and discussed here separately. Sir, I am one of those who believe that the proof of the pudding is in the eating of it. Now, according to the Explanatory Memorandum given by the Finance Ministry to us there are 74 industries managed by the Central Government the capital of which comes to Rs. 900 crores whereas according to the figures given in this Report, Rs. 952 crores is said to be the capital invested in these 42 industries. I do not know whether we are to rely on this book or that book. Both are issued by the Ministry of Finance

SHRI LOKANATH MISRA: This is an after thought.

SHRI N. SRI RAMA REDDY: Any-way we are discussing a Report and we have to place an honest interpretation on the facts presented to us. It is not a question of discussing this or that ideology. We want to know how this discrepancy has arisen and whether it has any basis. I would like to have an explanation from the hon. Minister in this regard. Now, Sir, the total integrated picture of these 74 industries managed by the Central Government has also been given. The estimated profit for 1961-62 is said to be Rs. 1.63 crores and the estimated profit by the end of 1962-63 is said to be about Rs. 3.22 crores. On the basis of the capital invested it works out to 0.3 per cent. so far as the year 1960-61 is concerned. For 1962-63, it is said to be 0.4 per cent. This is the state of affairs with regard to our public undertakings as per the Explanatory Memorandum presented to us, whereas here in this book a very rosy picture has been given.

SHRI A. D. MANI: A false picture.

SHRI B. R. BHAGAT: Not false, but correct picture.

SHRI N. SRI RAMA REDDY: It may be correct, but all the same the picture is not rosy. They have selected 26 industries that have been commissioned already and which are running in a good condition and even in respect of them the picture presented to us does not look to be very rosy according to me. Now, the capital invested on the 26 industries, that have been chosen by the Finance Ministry in its Report, is said to be Rs. 211.9 crores. Let us take it as Rs. 212 crores. And what is the profit? Of course, there is a net profit of about Rs. 8.74 crores. After allocating these profits to reserves, development rebate, depreciation, dividend, etc., what is left, is only 0.49 crores or Rs. 49 lakhs. For an investment of the magnitude of Rs. 212 crores, barely Rs. 49 lakhs have been left, which works out to one-fourth per cent. I have calculated and it works out to 1/4 per cent. What is the sort of development or expansion which we talk of that can take place

under this 1/4 per cent. surplus that is left over after allocating the net profit to various expenses involved in the whole affair? Now, we talk of a self-generating economy, a self-accelerating economy and things like that. How do we generate a self-accelerating economy at all if the surplus produced on a capital of Rs. 212 crores in regard to a few chosen industries is only Rs. 49 lakhs for the entire year?

SHRI DAHYABHAI V. PATEL: It is self-liquidating.

SHRI N. SRI RAMA REDDY: I am not at all bothered about this side or that side. We are talking purely of economics. It is a question of how efficiently and how well we run our public undertakings. I am a believer in socialism, certainly not the type of post office socialism which was talked about some time back. I am a believer that any undertaking which is managed by the Government should be run very efficiently and it should be capable of earning for all its developments. All the surpluses are necessary for its expansion. If we just do not do that, I for myself would refuse to pay much of a compliment to the departments that are responsible for running these undertakings. Now, what is the position in the country? The public undertakings must really expand. Public undertakings are the *sine qua non* of the progress of the entire nation. We believe it. But if they have failed to produce the results that are expected of them, certainly we cannot be a party in the name of socialism to support any measure that has been undertaken in the name of public undertakings. Now, what is the situation in the country? Throughout the country, coal has gone under public undertakings and the result is that there is a shortage of coal everywhere.

SHRI ARJUN ARORA: No, very little of coal is produced in the public sector. (Interruptions).

SHRI N. SRI RAMA REDDY: Anyway, the power projects are there

There is shortage of steel. Talking of steel projects, we have put in about Rs. 600 odd crores in the Hindustan Steel.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): Mr. Sri Rama Reddy, you must wind up.

SHRI N. SRI RAMA REDDY: We have put in Rs. 606 crores and they have not gone into full production as yet. The result has been, indirect though it is, that it has produced inflationary effects in our country. We have spent crores and crores of rupees without corresponding production coming out into the field. Suddenly it creates inflationary effects. Therefore, I would like the Minister to take all these factors into consideration and see that the efficiency of all the public undertakings, for his own sake and for the sake of the philosophy that we are professing, is increased, so that the other side of the House might not have any chance to criticise us adversely.

Thank you very much.

श्री विष्णुकुमार नातजी चौराई : (मध्य प्रदेश) : उपसभाध्यक्ष महोदय, जो रिपोर्ट विचारार्थ आई है वह इसी आशय से आई है कि उस पर कुछ विचार प्रकट किये जा सकें। यहां पर जो बर्बाद हो उससे ऐसा लगा कि प्राइवेट सेक्टर और पब्लिक सेक्टर का कुछ झगड़ा है। मैं तो इस मत का मानने वाला हूं कि अपने देश में अभी उद्योग के विकास की इतनी आवश्यकता है कि प्राइवेट सेक्टर भी करे तो कम ही है और पब्लिक सेक्टर भी करे तो कम ही है और जितना अधिक उद्योग का विकास इन दोनों के द्वारा हमारे देश में हो सके उतना किया जाना चाहिये, इसमें किसी प्रकार की बाधा डालने की आवश्यकता नहीं। ऐसा नहीं होना चाहिये कि यदि कोई प्राइवेट सेक्टर के आधार पर कोई नया उद्योग प्रारम्भ करना चाहे तो हम उस पर रोक लग दें क्योंकि वह प्राइवेट है या पब्लिक सेक्टर में कोई उद्योग चलता है और उसमें कोई कमी रह जाती है

[श्री विमल कुमार मन्नालालजी चौर डेया]
तो हम पब्लिक सेक्टर को कंडम कर दें। मेरे पूर्व वक्ता माननीय अरोड़ा साहब ने, जैसे वे महान् हैं वैसे ही महान् शब्दों में प्राइवेट सेक्टर की आलोचना प्रारम्भ कर दी, मैं उसे भी बुरा नहीं मानता क्योंकि अपना अपना स्वभाव है। परन्तु जहाँ तक इस देश का सवाल है, अपने इस राष्ट्र में हमें अभी औद्योगीकरण की आवश्यकता है। इसमें प्राइवेट कैपिटल को भी कम नहीं होने देना चाहिये और पब्लिक कैपिटल को भी तिजोरी के अंदर, ताले के अंदर बंद करना नहीं है। तो जहाँ तक औद्योगीकरण का सवाल है हमारे देश में उस की अत्यन्त आवश्यकता है। सरकार ने कई उद्योग प्रारम्भ कर रखे हैं। बड़ी प्रसन्नता को बात है कि उनमें से कितने ही उद्योग लाभ में चल रहे हैं। परन्तु जहाँ तक दूसरा पक्ष है और जो कई उद्योग घाटे में चल रहे हैं उसकी ओर ध्यान इसलिये आकर्षित कर रहा हूँ क्योंकि हमें सबक लेकर ठीक रास्ते पर चलना चाहिये और हमारे यहाँ जो अपव्यय, करोड़ों का नुकसान हो रहा है उनको हम रोक सकते हैं।

यहाँ पर जो रिपोर्ट दी गई है उसके अनुसार लगभग १० उद्योग घाटे पर चल रहे हैं। उनका गत वर्ष का घाटा ३ करोड़ ६२ लाख ७३ हजार रुपये है। इसके अलावा जो हमारा इंडियन हैन्डी-क्राफ्ट्स डेवलपमेंट कारपोरेशन है उसको ३ लाख ६० हजार की सबसिडी अलग है और स्टेट ट्रेडिंग कारपोरेशन ने जो लाख डेढ़ लाख का घाटा इंडियन हैन्डीक्राफ्ट्स कारपोरेशन का सहन किया वह और है। जो ऐसी स्थिति में हमें देखना होगा कि हम अपने इन उद्योगों को कब तक लाभदायक बना सकेंगे और कब तक इनको लाभ में चलने देने रहना पसंद करेंगे।

एक विचित्र बात मेरे को इस रिपोर्ट में देखने को मिली और वह यह है कि

हमारे कई उद्योगों के नेट प्राफिट बढ़ गए, ग्रास प्राफिट के मुकाबले में और नेट लास घट गए, ग्रास लाभ के मुकाबले में। उसके कारण दो ही हो सकते हैं। जो उन उद्योगों के मुख्य व्यवसाय थे उस मुख्य व्यवसाय की अपेक्षा उसके जो साइड बिजनेस में इन्वेस्टमेंट वगैरह थे उनसे ही कम्परेटिव्हली आमदनी बढ़ी होगी और उनका ग्रास प्राफिट की अपेक्षा नेट प्राफिट बढ़ गया या ग्रास लास की अपेक्षा नेट लास कम हो गया। तो मैं इस प्वाइन्ट को लेकर आपका ध्यान इस ओर आकर्षित करना चाहता हूँ कि जो ऐसी कंपनियाँ हैं—उनका नाम भी मैं बता दूँगा—उन कंपनियों ने जो दूसरी तरफ अपना इन्वेस्टमेंट करके अपने लासेज को कम करने का प्रयास किया है और अपने नेट प्राफिट को ग्रास प्राफिट से बढ़ाया—बढ़ाना कोई बुरी बात नहीं है—मगर उससे यह हुआ कि जो उनका मूल उद्योग था, जिसको उन्हें विकसित करना था, उससे उनका डाइवर्सन हुआ और जो इफीशियेन्सी उन्हें बतानी चाहिये वह पैदा नहीं कर सके। हमारी सरकार उस रुपये को लेकर दूसरे उद्योगों में लगाए और निर्माण का कार्य करे। यह ठीक नहीं लगता कि वह उद्योग दूसरी तरफ इन्वेस्टमेंट, करके, दूसरे सोर्सेज से आमदनी बढ़ाने की धुन में मुख्य काम को ही छोड़ दें। हमारे यहाँ इंडियन एयर लाइन्स, एअर इंडिया इन्टरनेशनल तथा भारत इलैक्ट्रोनिक्स वगैरह सारी कम्पनियाँ हैं जिनका नेट प्राफिट ग्रास प्राफिट की अपेक्षा बढ़ गया है।

4 P. M.

अब हमारे यहाँ एक नया टर्म शुरू हुआ है “इन्टरेस्ट हालीडे” के नाम से, जिनके अनुसार हमारे देश में कुछ कम्पनियाँ ऐसी हैं जिनको हमारी सरकार ने “इन्टरेस्ट हालीडे” के नाम पर कुछ अवधि तक दो रकम के व्याज से

मुक्त कर रखा है। अगर उनको लाभ नहीं होता है तो भी हम केवल देश के विकास की दृष्टि से, सुरक्षा की दृष्टि से बेसिक इंडस्ट्रीज की वजह से चलाना आवश्यक मझते हैं। तो आपत्ति नहीं। इस तरह की जो कम्पनियां हैं उनके लिए मुक्तहस्त से त्याग करने में कोई आपत्ति नहीं हो सकती है अगर वह घाटे में हो। इस तरह से जो और कम्पनियां "इन्टरेस्ट हालीडे" के नाम से ब्याज नहीं दे रहीं किन्तु लाभ कमा रहीं हैं और आपने जो यह प्राविजन रखा है कि सन् १९६६ तक इनको "इन्टरेस्ट हालीडे" दिया जायेगा कुछ उचित प्रतीत नहीं होता है। ऐसी दशा में हमारी सरकार को इस बात पर विचार करना चाहिये कि जो पूर्ण-रूपेण व्यापारिक दृष्टि से ही काम कर रही हैं उनको यह लाभ नहीं दिया जाना चाहिये बल्कि जो बेसिक इंडस्ट्रीज हैं, उन्हीं को इस तरह का लाभ दिया जाना चाहिये। बाकी इंडस्ट्रीज को इस तरह का लाभ नहीं दिया जाना चाहिये।

जहां तक इस रिपोर्ट का सवाल है इसमें इतनी कम्पनीज हैं कि अगर उनके बारे में कहा जाय तो कम से कम पांच दस रोज लग जायेंगे, इसलिए मैं केवल "हिन्दुस्तान साल्ट कम्पनी" के बारे में यहां पर चर्चा करना चाहूंगा। हिन्दुस्तान साल्ट कम्पनी १८ अप्रैल सन् १९५८ को रजिस्टर्ड हुई थी और १ जनवरी सन् १९५९ से इसमें काम शुरू हुआ। जब से इसमें काम शुरू हुआ तब से इसमें बराबर नुकसान ही हो रहा है और यह नुकसान में ही चल रही है। इस कम्पनी में एक चेयरमैन, एक मैनेजिंग डायरेक्टर और ८ डायरेक्टर हैं, इस तरह से इसमें करीब दस मुख्य व्यक्ति हैं और फिर भी इसमें नुकसान बराबर कायम है। इस कम्पनी की तीन यूनिट्स हैं और केवल

एक यूनिट डिडवाना में सन् १९६०-६१ में केवल ४०,३०४ रुपये का प्राफिट बतलाया गया है और बाकी सारी कम्पनियां लास में रन कर रही हैं। अगर उसके बैलेंस शीट को देखा जाय तो मालूम पड़ेगा कि उसका जो सब्सक्राइब्ड कैपिटल है वह केवल २४ लाख २० हजार का है और उसमें एक साल में करीब, ६,०५,२६८ रुपये २४ नये पैसे के घाटे की रकम कम करनी पड़ी। हमारी कुल पूंजी २४ लाख की है और उसमें करीब ६ लाख का घाटा पूरा करने में चला जाय और इस तरह से हम व्यवसाय करने लगे तो यह उचित प्रतीत नहीं होता है। अगर हम व्यवसाय की दृष्टि से भी देखें तो इस तरह से व्यवसाय करने में आपत्ति की जा सकती है। एक मित्र ने कहा था कि प्राइवेट सेक्टर के पास पैसा चला जायेगा तो इंग्लैंड, अमरीका चला जायेगा या लिपस्टिक में चला जायेगा। और अगर प्राइवेट सेक्टर के पास नहीं गया और पब्लिक सेक्टर में चला जायेगा तो कहीं नहीं जायेगा, इस दलील का मैं मानने वाला नहीं हूं। प्राइवेट सेक्टर विदेशी कम्पनियों के हों तो जरूर उन पर नियंत्रण करना चाहिये। प्राइवेट सेक्टर में ज्यादा प्राफिट हो तो उस पर बराबर नियंत्रण होना चाहिये। वे लोग तीन बैलेंस शीट रखते हैं जैसा अरोड़ा साहब ने कहा अगर यह सत्य है तो मैं इस संबंध में यह प्रार्थना करूंगा कि मैं श्री अरोड़ा जी को सहयोग देने के लिए तैयार हूं कि वे ऐसी कम्पनियों के नाम बतलायें और हम सब मिलकर इन्वेस्टी-गेट करेंगे और इन्टेलीजेन्स डिपार्टमेंट के लोगों को साथ लेकर इस तरह की कम्पनियों की छानबीन करेंगे और उनके मालिकों को प्रासिक्यूट करवाने का प्रयत्न करेंगे। इस चीज में पीछे हटने की आवश्यकता नहीं है। यह कहकर कि प्राइवेट सेक्टर में इस तरह की बात होती

[श्री विमलकुमार मन्नालाल जी चौरड़िया]
है, इस तरह का दिखावा होता है, उचित मालूम नहीं देता है। इस तरह से हमें २४ लाख में से १ लाख का घाटा हो गया। यह पब्लिक सेक्टर में भयंकर अपव्यय का नमूना है।

इस रिपोर्ट को देखने से मालूम पड़ता है कि इस कम्पनी की जो बैलेंस शीट हैं वह प्राविजनल है, सारा काम प्राविजनल है, प्राफिट एंड लास एकाउन्ट प्राविजनल है और लास को इस तरह से दिख-लाया गया है, इस तरह से व्यवस्था की गई है कि ऐसा लगता है कि सारी चीज जगलरी है, जितने आंकड़े हैं वे जादूगरी से भरे हुए हैं और इसमें सारा मामला जगलरी से भरा हुआ है। यहां पर यह तमाशा है कि ५ लाख ५६ हजार ८०२ रुपया ३० नये पैसे नेट लास बतलाया है और इसमें एक और आइटम बतलाया गया है कि स्टॉक का ओवर वैल्यूएशन हो गया था। इस तरह से १ लाख ६५ हजार ६०८ रुपया तो एप्रोप्रिएशन एकाउन्ट में बतलाया गया है लेकिन प्राफिट एंड लास नहीं बतलाया गया है। इस तरह से हमारे जो एकाउन्ट के हिसाब हैं वे ठीक नहीं चल रहे हैं। अब रहा बैलेंस शीट का प्रश्न। इस बैलेंस शीट के बारे में भी पहले से यह लिख दिया गया है कि वह प्राविजनल है। इस कम्पनी को तीन चार वर्ष काम करते हो गये हैं और अभी भी कर्मशियल अन्डरटेकिंग के हिसाब से चाहे प्राइवेट हो या पब्लिक हो, अगर इस तरह का प्राविजनल बैलेंस शीट चलता रहे तो यह सारा मामला बिल्कुल बेकार है, बोगस है और यह रिपोर्ट किसी काम की नहीं है जिस पर विश्वास किया जा सके। इस कम्पनी में दस दस आदमी बैठे हैं और हम उनसे कोई काम की आशा नहीं रख सकते हैं और वे सब काम प्राविजनल चलाते रहे, तो यह

उचित नहीं कहा जा सकता है। इस तरह से असेट्स ली गई पहले वाले से और उनकी भी बुक वैल्यूएशन न हो पाई, यह बड़े आश्चर्य की बात है। इस कम्पनी की लायबिलिटीज प्राविजनल हैं और उनकी एग्जेक्ट वैल्यू अभी तक कम्पनी मालूम नहीं कर पाई है। फिक्सड असेट्स जो रिटन डाउन थी उसकी भी वैल्यूएशन के सर्टिफिकेट के संबंध में आडिटरस ने कहा कि हम किस आधार पर सर्टिफाई कर सकते हैं। तो यह आडिटरस रिपोर्ट भी बिल्कुल निराधार है और इसी तरह Stores in hand according to balance-sheet और फाइनेंशियल बुक के आधार पर, २,७८,६३६ रुपये के होने चाहिये और स्टॉक लेजर के हिसाब से वह इससे भी १५,५२७ रुपया बढ़ गया है। इस तरह इसमें यह गड़बड़ी चलती है।

(Time bell rings.)

में तीन मिनट और लूंगा।

उपसभाध्यक्ष (श्री महाबीर प्रसाद भार्गव): एक मिनट।

श्री विमलकुमार मन्नालालजी चौर-
ड़िया: एक मिनट से तो बैठ ही जाना उचित समझता हूं।

SHRI SITARAM JAIPURIA (Uttar Pradesh): Mr. Vice-Chairman, Sir, I welcome getting this opportunity of expressing my views on the industrial and commercial undertakings in the public sector. I will not repeat the points that have already been taken up by my predecessors but will only confine my observations as to how these undertakings can be made more profitable—I hope my progressive friends will not be allergic to the word when I say profitable—and more so in the interests of the nation.

These undertakings having come to stay as an integral part of our economy, we all must strive as to how best they could be improved. I think it will be acknowledged from all corners that the important factor in running any organisation is the personnel question. That question has already been discussed by my friends earlier, and I would most humbly suggest that just as we have the different Services—for example, the Indian Administrative Service, the Indian Revenue Service, the Indian Police Service, and so on—similarly if a Service called the I.B.S., the Indian Business Service, could be introduced, the personnel of this Service who will be specialised in the knowledge of running business undertakings, will be more useful to the nation as a whole in their field of activity. It can be seen from the different reports of different companies that certain industries have done well, while others have done hopelessly badly and it is a distressing thing. Why? The important factor behind all this will be the question of personnel. It is necessary that the outlook of the persons who manage industrial or commercial undertakings—they may be owned by the private enterprise or by the public enterprise—must be a business outlook and not the old and obsolete outlook of red-tapism and going on as slowly as they possibly can. For that a new cadre of service, I feel, will be a most important step.

Another factor which my friend, Mr. Mani, said in his opening remarks was about the co-ordinating authority, and that is the creation of a separate Ministry for industrial undertakings. I fully support that view and I feel that sooner or later a Ministry has to be formed which will look after all these undertakings. There are so many undertakings and there are different Ministries which run them in a different manner with a different policy and with a different outlook. The outlook has to be one and that must serve the best interests of the nation and the country. In fact, sometimes I feel that if half the amount of energy and effort which these public

undertakings spend in giving publicity to certain so-called achievements of theirs is utilised for actual work, the result would be far better. I can realise that they try to satisfy the Members of Parliament and they also try to satisfy the general public, but a lasting satisfaction, Mr. Vice-Chairman, will only come when these units work as economic units which will create not only more confidence in the efficiency of the Government but also be a source of revenue to the Government. The private sector has generally a grievance about these undertakings. They say that these undertakings get special advantages and facilities. I am one of those who do not in any way discount that special facilities should be given to them. It is but natural that Government undertakings will get special facilities from the hands of the Government. But while calculating the return on these industries and undertakings, it is necessary that we also find out whether those special facilities that have been granted to such undertakings have given any return. After all, let us not forget that if a certain thing manufactured by the private enterprise and also by the public enterprise is sold in the market presumably at the same price—in many cases the goods of public enterprise are sold at a higher price than those of the private enterprise—I ask you how is it that the public enterprise results show that there is no profit? Naturally, the cost of production is higher. Why? Well, I would not like to go into details in this matter. The private sector, however, even then makes a profit. I put it to the House for the consideration of the Members. Is it not better in the interests of the nation that a certain thing is produced at a lower cost of production, a profit made and contribution made over to the national exchequer rather than making a colossal waste by having a higher cost of production?

A lot of controversy was raised just now by one of my friends. Fortunately, I come from Kanpur and there-

[Shri Sitaram Jaipuria.]
fore I know more about him and what
he has to say, and he certainly knows
what I would say.

SHRI BHUPESH GUPTA: Mutual
knowledge.

SHRI SITARAM JAIPURIA: Of
course. Thank you very much.

AN HON. MEMBER: Mutual affec-
tion.

SHRI SITARAM JAIPURIA: But I
would most humbly say that I was
a little distressed and was also amus-
ed because of the way in which he
tried to put things. I do not say that
one sector is more efficient than the
other. It may be that the one-eyed
reigns in the kingdom of the blind.
But let us not miss the facts as they
stand. The private sector has estab-
lished its contribution in the econo-
mic development of the country and
when the country as a whole has ac-
knowledgeed that it is an integral and
important part of the economy, class
hatred or creation of such stories will
not in any way benefit either the na-
tion or the country. In fact, we should
not forget that even those countries
which were absolutely against private
enterprise are now reorienting their
policies and are showing respect to-
wards the private enterprise. We have
to consider what are the basic and
valuable things that the private enter-
prise offers. I feel that there are
three most important things. One is
initiative, the second is the sense of
responsibility and the third is the
ambition to make profits. Now, in the
public enterprise what we see is
rather different. Instead of initiative,
we find that there is mechanical work-
ing. Instead of taking responsibility,
we find that there is a desire to pass
the responsibility on to somebody
else, and lastly, instead of the desire
for making profits, there is indiffer-
ence to the profit aspect. We should
not forget that there is a limit to
taxation, a limit to land revenue and
a limit to exercises. Therefore, what

is necessary is that these Government
undertakings should be run in such a
manner that they yield results in a
businesslike manner and make pro-
fits to supplement the revenues of the
country and the nation. Some of our
friends who in their enthusiasm like
to be called progressive injure the
interests of the nation by downgrad-
ing the private industry. We must en-
sure that we do not repeat the mis-
takes that the other countries are
now correcting. Let us not repent
afterwards and come back to the old
order of things again.

SHRI ARJUN ARORA: No fears.

SHRI SITARAM JAIPURIA: Let us
work in the best interests of the
country. I do not blame the Govern-
ment officials always because most of
them lack specialised knowledge. I
tell you one interesting incident that
was conveyed to me by a friend. It
was years ago when bicycles were not
manufactured in the country. He
made an application and applied for
an import licence for one hundred
electric motors, 10 H.P., 3 phase, 50
cycles. After long, long protracted
correspondence, first it was said that
the matter was under consideration.
When a second reminder was sent, it
was said that it was under active con-
sideration. When the third reminder
was sent, it was again said that the
matter was under most sympathetic
consideration. When he still persisted,
he was able to get a reply and in it
was mentioned that the Government
of India was pleased to grant him a
licence for one hundred electric
motors of 10 H.P. but that, as cycles
were being manufactured in the coun-
try, an import licence for the same
could not be given. Officials did not
realise that the word 'cycles' was an
integral part of what they had sanc-
tioned. This is only an example which
I am mentioning. I do not blame
them. After all, business is something
of a specialised knowledge. I would
only be happy if they acquire that
knowledge. When they come into the
cadre of special business class, they
also should have their training and

grounding in sound business houses. They may belong to the private sector or the public sector.

SHRI P. N. SAPRU: Mr. Vice-Chairman, Mr. Mani has spoken with the voice of big business. He has subjected the Report to a critical examination. But I will not go into the arguments used by him. They have been very well disposed of by Mr. Arjun Arora.

SHRI A. D. MANI: I have got my own voice. I have got only one voice. I do not have any other voice.

SHRI P. N. SAPRU: Mr. Mani has got different voices at different places. I am all for public ownership but public ownership can take many forms. And I would like just to make one suggestion and that is the principal reason why I am intervening in this debate. There is a method of controlling the private and public companies which I would like to suggest for the consideration of Government. The British Liberal Party which claims to be the radical alternative to the Labour Party has been suggesting co-ownership for many forms of public ownership. Now, I am not for co-ownership in the sense that the British Liberal Party understands it. I would not eliminate public ownership. The suggestion which I am going to elaborate is not as an alternative but as a complement to our concept of public ownership. What I have in mind is this. A certain number of the directorate, say, 50 per cent. of the directorate, should be elected by the employees of the concern. The employees should have an effective voice in the management of the concern. Government concerns should take the lead in this matter. The Companies Act will have to be modified in order to make this provision effective. The distinction between the owner and the owned should disappear and we should gradually move towards a form of workers' control on their own lines. We should move towards a pattern of socialism which makes the worker the owner of the

factories he is running. That, Mr. Vice-Chairman, is the syndicalistic view of life. If you have any horror of the word 'syndicalism', I am prepared to reject the syndicalist goal in this matter. I think that it is possible for the workers to make an intelligent choice. They will be able to make as intelligent a choice of their directors as the shareholders are able to do today; they will make as intelligent a choice of their directors as Government in its wisdom sometimes does. That is my suggestion number one.

The second suggestion that I would like to make is that there should be no separate Public Service Commission, as was envisaged by Mr. Mani, for recruiting industrial and business service personnel. The Public Service Commission is a Commission composed of men with liberal education, they should be able to do their job properly. But in order that the Public Service Commission might be able to do its job properly, it is necessary also to help that Commission by the addition of a few members representing consumers' interests. I would, therefore, suggest that this Parliament, not the business interests represented by this Parliament, but this Parliament is the proper place which can supply the boards with the talent needed for assessing the worth of a candidate who applies for employment in public concerns. The hard thing that I want to emphasise is that it is entirely wrong to estimate the worth of a public concern by the amount of profit than it earns. In fact, the objective is not to make profits but to make the service an effective incentive for good work, whether in a public industry or in a private industry, and I would in this connection just refer to page 16 of the Report :

"In judging the profitability of public sector, the sole criterion adopted in some quarters is the dividends declared by them. This basis overlooks the fact that even though most public sector units have made profits, not all of them have declared dividends."

[Shri P. N. Sapru.]

That is my answer to my friend, Mr. Sri Rama Reddy. Also I would like to point your attention to another sentence in paragraph 31 of the report:

"The amounts representing the difference between the net profits earned and the dividends declared were retained by them for being appropriated as Reserves or ploughed back into business. To that extent further investment by Government in these concerns has been avoided."

As a matter of fact, no concern, whether Government owned or private owned, can start, declaring dividends from the day it is started. It takes some time for a concern to get going. It may be that our methods of controlling these concerns has not been wholly proper. It may be that the civil service at present constituting the boards of management is not the ideal agency for running these concerns. That is why I have suggested that the interests other than those represented by the civil servants should be represented in the directorates of these concerns; that is why I have suggested that there should be some representatives of the employees on these concerns; they should be on the directorates of these concerns.

Lastly, Sir, I would like to say that I am entirely opposed to the proposal of Mr. Mani that there should be a Ministry of Public Enterprises.

AN. HON. MEMBER: Undertakings.

SHRI P. N. SAPRU: Well, public undertakings. "Undertakings" is a vast word. Of course he has only the undertakings here in mind. But then these undertakings are under the control of several Ministries today.

SHRI N. SRI RAMA REDDY: Twelve of them.

SHRI P. N. SAPRU: All right, twelve of them, and public enterprises are, I hope, going to increase in num-

ber, and I also hope that we shall have, in future, a diminishing and not an expanding private sector. Economic planning must not be confused with socialism. Socialism is about equality, and the broad fact that stares us in the face is that from this planning only one per cent. of the total population has, according to the Mahalanobis Report, profited. Well, that is something which should make us think that a society with such a striking haves and have-nots cannot be a stable society, and if you want to move towards a stable society, you must work with vigour and energy for social justice, for economic justice.

That is all that I have got to say, Sir, on this Report.

SHRI BHUPESH GUPTA: Mr. Vice-Chairman, Sir, I am grateful to Mr. Mani for giving us the opportunity in this House to discuss this rather important matter of public sector undertakings. Mr. Mani is sometimes very intangible in his ideas, but this time when he spoke, I felt that he was actually supporting the private sector position, and his pretended sympathies for the public sector were, if I may say so, an intelligent contrivance to cover up his support for the private sector industries. That was a question of parliamentary strategem in his speech. I am glad that by speaking he has placed the issues at least before the House.

I am not here going to discuss the details of the various undertakings. That is not possible, nor is it necessary. I think we can only touch on the basic questions, questions that are being debated not only in Parliament but also outside in the country. Everybody knows that our multi-millionaire friends who are powerful, economically and politically, are full-throated against the expansion or the development of the public sector undertakings, and they have the reasons for it. Now, I should like to approach it from the point of view of the industrialisation of the country. I am not in agreement with Mr. Saraogi

when he said that we are passing through the same stage of industrialisation today as certain Western countries, for example Britain, had to go through, say, in the last century or in the beginning of this century. I think it would be a wrong appraisal of the situation. When the Western countries undertook their industrialisation, they had two advantages over us. Firstly, there were the colonial countries, which they exploited, and you cannot think of industrialisation of England apart from the plunder of colonial countries like India at that time. Secondly, at that time, when they were developing their industries, the trade union movement and the working class movement were not so developed as they are today, and this enabled the industrialists of the time or the capitalists of the time to intensify the exploitation of labour and to make the worker work as much as they would like, that is to say, that the employers would like them to work—there was no resistance or very inadequate resistance. That also enabled them to accelerate the development. Today, neither is open to us. One is absolutely not open to us—we should not think of colonies, and so on, and also we have in our country trade union organisations and developed working class movements where it would not be possible for the capitalist class to use the same methods as they did in the old days in other countries. Therefore, Mr. Vice-Chairman, in our country the industrialisation had to take place in a different social, political and economic context. Here we are aiming at independent development of our economy; we are seeking to develop a modern economy in our country without which even the defence potential is on brittle foundations, as has been seen. Now, how to do so? We concede straightway that both private and public sectors have an important role to play, but I should not stop here. Having said it I should like to stress that more especially the public sector will have to play an important part and a decisive part growingly in the development of the country's modern economy. The

choice is one of principle. Unless we make up our mind that it is the public sector that must be promoted all along the line, unless we expand the public sector in the different lines of industry, we can neither take command of the strategic positions in our economy nor can we promote rapid industrialisation of the country. That is not to say that the private sector does not have any part to play. It has a part to play and a definite role must be assigned to it.

Sir, if you read the Report, you will find that in this period there are about 42 units accounting for Rs. 950 crores worth of investment. If you take the Hindustan Steel, which accounts for over Rs. 600 crores, we are left with only Rs. 350 crores of investment in the other undertakings. That only shows that our development, barring the Hindustan Steel and certain other machine-building industries and so on, has been slow in the public sector. And that is why we stand for the expansion of the public sector. Many more industries will have to be started today in the country. If you look at the Company Law Administration report, you will find that there are twentyseven thousand or so of public and private limited companies out of which a very small number is made up of public undertakings or public sector industries. We want to alter the picture in favour of public industries or undertakings.

Now, the favourite argument of the capitalist class is that these industries are not making profit and, therefore, they are no good. It is a wrong and fallacious argument. First of all, the steel plants and so on take time to yield profits. Their gestation period, so to say, is long. Now, when you have in the public sector industries the steel plants accounting for a big chunk of it, then you cannot on that score assail the public sector that it is not making enough profit. It will take time. But once the industries are commissioned and production is full, enormous profits will be made

by them and they will swell the revenues coming from the public sector industries. The time has not yet come to measure profits in this manner. Our sugar millowners in the private sector turn out profits every month in millions of rupees. Am I to understand that in the same way today when these industries are being commissioned, the steel mills and so on, we can make profit? No. We cannot make profit like that. We have to wait. That is not to say that we should not be interested in making profits at a much faster rate and produce better results from the point of view of profit. That should be done. But then the argument of the capitalists and their protagonists in Parliament cannot be accepted.

Again, the capitalist class wants the public sector industries to grow in those sectors only where heavy investments are required. Messrs. Birla Brothers or Messrs. Tata Cos. and so on, would not like to make investments in iron and steel industry any more, even if they made in the past. They have made because they knew that such huge accumulations could be better utilised for earning immediate profit in fertiliser—if they get in the private sector—sugar, textile and so on. That is their line. We are opposed to this kind of thing, I say. Touch the profits in the private sector. Bring them into the public sector. Invest there, and we can build up industries in that way.

Secondly, they would like the public sector industries to subserve the interest of the monopolist class. I think against that we must take a firm stand. That they do by various methods. Mr. Jaipuria, who was here, and who knows Mr. Arjun Arora very well, said that he also knew how to make the public sector industries in Kanpur and other places subserve the interest of the public sector. Therefore, here again we do not accept that argument.

Mr. Vice-Chairman, in our country today we must have a bigger public sector in order to promote the independent development of our economy on modern lines at a much faster rate. And this is possible, in the first place, if you set up more and more new units in the public sector and also nationalise some of the private undertakings and bring them in the public sector. I cannot think of ensuring development of an expanding public sector at a faster rate unless at the same time you adopt a vigorous policy of nationalisation. Imagine what the picture would have been today if, for example, we had nationalised the banking industry in the private sector, some jute industries in the private sector, some sugar industries, if you like, and certain other industries, tea gardens and so on. The picture would have been entirely different from the revenue point of view. We would have produced before the nation much bigger revenues out of the earnings of these companies than we are doing today. Therefore, on that score, will the capitalist class agree to the Government and the State taking over some of the undertakings over which they are maintaining control and out of which they are making enormous profits? If they do not do so, it does not lie at least in their mouth to complain that this sector is not yielding enough revenue and profits. You cannot run with the hare and hunt with the hound. This is what we say. Their opposition to the growth of the public sector is in itself something which should be considered by the country, if we want to tackle the problem.

Mr. Vice-Chairman, I can say very many other things here, but I do not wish to go into them. As far as management is concerned, I entirely agree that the public sector should be organised in a democratic manner. Workers should have better control over it. Anyhow, it should not be allowed to be linked up directly or indirectly through many dubious bonds with the monopolists in the private sector. And that is what is hap-

pening. I am afraid when Mr. Mani and Mr. Jaipuria talk of the industrial personnel, I hope a situation will not come when Mr. Jaipuria will be the chief director of the institution which will be turning out the industrial personnel of our country. We would not like the sons of the capitalist class and the monopolist class to enter through, what is called the open-door policy into the public sector in regard to the industrial personnel, not as partners and managers. Therefore, I am a little afraid. By all means have them, but we must have them from the working class, from the employees, from the engineers and so on, not from the sons of the multimillionaire class. This is one point.

Secondly, I should like all Central labour law to apply in all public sector industries. As you know, the Government accepted the proposals. But the State Governments do not do so. That is why, for example, the Central labour law is not applicable because of the resistance of the Madhya Pradesh Government. I think we should overcome that. In Rourkela, for example, a lot of money is being wasted. Rourkela has produced the greatest number of breakdowns, although the investment is heavy, the foreign exchange component is heavy. A German expert Committee was appointed to go into this matter. That Committee made a fantastic recommendation and made aspersions against the Indian personnel in order to justify the appointment of a larger number of personnel from Germany. And today, according to the Solveen Committee recommendation—which, strangely enough, the Government has accepted,—more German personnel are coming in in order to take over. Technical know-how is not imparted to the Indian personnel. We know that this is a very important factor. Certainly we should draw upon the technical assistance from other countries. But the time should be set within which our Indian personnel should be trained. Our commercial undertakings must be placed in

the hands of Indian nationals and they must be the captains of industry. Sons of the working class and middle class, educated and trained, given technical education, should be running the industries of our country.

I do not like, Mr. Vice-Chairman, this I.C.S. business very much. What do you see? Today so and so, an I.C.S. officer or an I.A.S. officer is a Deputy Commissioner in a place. Tomorrow we see in the papers that he is made the managing director of an industry. Now, this sort of transformation is very much possible in the scheme of Government changes. But life shows that it is not possible for a man, who had been doing the job of a magistrate for a number of years, or running the show as a Deputy Commissioner, suddenly to become the managing director of the Sindri Fertilizer and so on. This again is a fantastic, wrong idea on the part of the Government but I tell you in this connection that for that we need not go to Jaipuria House or the big business houses in order to ask these gentlemen to come there. For all these places we can train up people and there are people in the industry, among the skilled workers, foremen and others, from whom we can develop the technical personnel that we need, the managerial personnel that you require for the development of our industries. This is all that I have to say.

In conclusion, I tell you again that this battle has to be fought. You have seen today that if you need a proper defence, what you need in the rear is a powerful industrial base for the defence industries in particular and this cannot be developed unless and until the Government comes into the picture in a much bigger way for the industrialisation of the country, on a much greater scale, and that is not possible unless and until the public sector industries are promoted both by nationalisation and by setting up of new industries. I hope the Prime Minister's ambition that the Government should occupy the strategic posi-

[Shri Bhupesh Gupta.]

tions or commanding positions in our economy would be realised. The public sector should not be measured in terms of money only. It must be measured in terms of how it is promoting the development as a whole, feeding other industries, how it is breaking up the monopoly and concentration of wealth in our country, how it is setting a certain positive tone to our social, political and economic life. This is how it should be measured. The capitalist way of judging everything in terms of more money here and now, in terms of balance-sheets is not the right way of judging when you deal with such a big and vast country and the development of the economy of the country as a whole. Therefore, we do stand for, we support, the promotion of public sector undertakings. Only we hope that in the coming years there will be bigger targets set before us, more industries will come up and before long we shall be in a position to state on the floor of this House that in the industrial sector of our economy it is the public sector and public sector alone that dominates and not the private sector. We should be in a position to say so. Whatever shortcomings and drawbacks are there, either in the working or in other affairs of the public sector, are minor matters in the context of bigger policy and I think once we set our course rightly and in a proper way, all these shortcomings can be easily overcome with the combined efforts of all those who wish well of the public sector and of the economy as a whole. Thank you.

SHRI B. R. BHAGAT: Mr. Vice-Chairman, it is now 17 minutes to five and through you I would crave the indulgence of the House . . .

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): You straightway reply.

SHRI B. R. BHAGAT: If the House will give me a few minutes more, I will be able to deal with some of the points raised. On a debate like this, it is natural that a large cross-section

of views will appear and particularly when all the commercial and industrial undertakings have been jumbled up together so as to present an integrated picture, it is quite natural that the views expressed would cover a very large ground but for the facility of dealing with them, I would like to divide them into three broad categories. Some points have been raised about individual projects and more specific points regarding costs or other matters have also been raised. I would like to deal with them first. Then there are the general points about the management, the standard of management and the general picture. For example, the Member who moved the motion charged that the report gives a misleading picture. Some such points I will deal in the second category. Lastly, I will give a broad perspective as a result of the experience of the working of these public undertakings because some Members, particularly the two hon. Members, Messrs. Patel and Chordia, have tried to paint it as dismally as they could. It is not surprising because their predilections and prejudices are well known and they will refuse to see even a good point that may be there but I am surprised at the Member who moved the motion. He is a knowledgeable person and I expected that he would bring his objectivity and imagination to bear on the conclusions that he has drawn, but he seems to have been led away with certain prejudices that the public undertakings are not working properly or he has tried to make an invidious comparison in a very indirect way that the affairs in the public undertakings are not good or that they should be as good as they are in the private sector. On this issue I would say one thing that it is not the purpose, I think, according to me, of the debate to bring a comparison between the private and the public sector. Here is a Report which has been presented by the Government which is not a Report of our policy, but it is a factual Report which has been presented to the

House on a demand or on the recommendation of some of the Committees of Parliament or on some other opinion also that we must have an integrated picture presented in a simplified manner at one place. There were two alternatives before the Government. We could have made it more voluminous and introduced more information but it might have been voluminous and therefore it might have lost its utility. Therefore, we tried to present this Report in a more simple way giving the balance-sheet of each of the companies included at the time so that it may serve the purpose of those who want to have a very general picture as to how the public undertakings are working as well as those discerning eyes of our friends who will go into the various facts given in each of these balance-sheets; and this Report has been welcomed by all the economic journals, the press and others. In the future, in view of the suggestions that have been offered, we may try to make it more full but our object would be that it should be more understandable and more simple. That should be the idea. The point was raised by Shri Reddy that there is some discrepancy between this Report and the Report given about public undertakings at the Budget time in the Explanatory Memorandum. There is no discrepancy. The bases of the reports are different. The subject-matter is different. Absolutely they are two different reports and therefore the figures and the conclusions are entirely different. For example, this Report is only about the industrial and commercial undertakings and does not include all the departmentally run undertakings, the vital financial and other undertakings like the L.I.C., the I.F.C., or the mints. This is a more complete Report. Therefore, to compare the two about the figures and conclusions is not really correct. Therefore, to say that there is discrepancy is not also correct. They are two different reports. They should be studied also separately. The hon. Member also stated that

the rates of interest charged are different, also that the private sector was working under certain difficulties. He mentioned two things in particular. He said that the public sector undertakings get immediate clearance by means of a note-pass system under which whatever equipment is there, say, for the steel plants or others, are cleared at once and the payments of duties and so on, are settled later. He wanted such facilities for the private sector undertakings also. Well, under similar conditions they have the bonding and warehousing facilities under which the goods are released to the private sector also on bonds. Such facilities could be considered. But to say that all releases should be treated similarly is something different. We cannot have the same arrangement for all sorts of private undertakings also, where the standards of efficiency and integrity are different and where malpractices and other things are there. The two are not comparable. Certainly in comparable situations the treatments can be similar.

The other point that the hon. Member mentioned was that the public sector undertakings get loans at a very low rate of interest, and I think he quoted the rate as $2\frac{1}{2}$ per cent. I was surprised when he mentioned that figure. The hon. Member claims to be speaking with authority and he condemns the whole of the public sector and says that they have a dismal record and that they present a dismal picture. But then he seems to have drawn his conclusions from such faulty facts as, for instance, that their rate of interest is only $2\frac{1}{2}$ per cent. I may tell him that it does not seem that he has read the Report, because it is specifically given in the Report itself. There in para 7, the rates of interest are clearly given. It is clear as daylight. The rate of interest on loans given to public undertakings for short periods of between 2 and 4 years is 5 per cent. For period of from 5 to 9 years the rate of interest is $5\frac{1}{2}$ per cent and for periods between 10 and 15 years it is 6 per

[Shri B. R. Bhagat.]
cent. The hon. Member also said that the banks charge much more interest, that is to say, about 6 or 7 per cent. interest. These were some of the distinctions he was drawing to show that the private sector industries were functioning under great difficulties, and the public sector was being pampered and given all help and he went on to say that the private sector was doing well in spite of all these difficulties. I am afraid, this sort of comparison does not help anybody and much less does it help in creating an informed and intelligent public opinion. This is a case of misrepresentation.

Another point mentioned by the hon. Member was about manpower. He said that the manpower in the public sector was larger than in the private sector. I do not know what is the criterion. If we consider the Western standards, certainly their notion of ratio of men to capital or rather of labour to capital is different. We in this country wish to develop the skill and the technical personnel and it is true that in some of these public undertakings, if you examine the matter on a strictly cost accounting basis, the manpower is somewhat larger than what it should be. But it will serve the interest of the industry and its later expansion if we have a larger technical base of experience and training and only a public sector enterprise which is not solely conscious of the limited sense of the profitability of the concern can do it.

Then a question was asked about the pool of managerial cadre that was drawn up some time back and we were asked how many of those persons had been absorbed. I think on the original list, after carefully screening those who had experience of management and who were technical persons, whose services could be utilised, we had 230. A list of 230 such persons was drawn up by a highly specialised selection body. All of them have been provided for except about 90 or 95 who have refused to join. These have not join-

ed and all the others have been provided for. We are also looking for whatever talent may be available.

The hon. Member, Mr. Mani, stated that these Boards are all official-ridden Boards and that it does not serve any purpose if you put officers on these Boards. These matter has been considered. In the beginning, it is true that most of these Boards had on them the government representatives or officials of the departments concerned. This matter concerns one of the recommendations of a Committee which said that the proportion of the officials on the Boards should be reduced. Now we have taken a policy decision that on the Boards there should be only two representatives from the Government side. One will represent the department with which the industry is concerned. That is to say, if it is the steel industry, the Board will have one representative from the Steel Ministry. And there will be another from the Finance Ministry. So we have tried to restrict the representation to only two.

The hon. Member, Shri Gurupada Swamy, also mentioned that the Report should consider what should be the pattern of the undertakings and so on, and that such broad questions are not dealt with here. I may inform the hon. Member that this is a Report resembling the report that the shareholders of a company get at the annual general meeting. This Report here serves to give the factual information. As for broad policy matters, this is not the place where such information is to be given.

SHRI M. S. GURUPADA SWAMY:
May I correct the hon. Minister? What I said was that there should be a single pattern with regard to the organisation of these bodies. I never mentioned that this Report should contain this information about policy. I never mentioned it. I only made a suggestion that the public corporation pattern should be adopted. That is a suggestion for action.

SHRI B. R. BHAGAT: That is another question that the hon. Member raised and I am coming to that also. On this point I may say that the matter has been under examination and, by and large, we are following that pattern and almost all the undertakings are either corporations or limited companies in which the commercial pattern is fully utilised. I will come to that when I deal with the general question of management.

The hon. Member made a point about some of the costs being very high and also the prices. For instance, he said that the price of penicillin was very high. It is true that in the beginning the prices were higher than what they are now. If you study the figures over a period of years, you will find that every year progressively the prices are being reduced.

It was also stated that it was no use discussing a Report a year late and that this Report here should have been presented much earlier. As the House is aware, the accounts are not only audited by the auditors appointed for each of the concerns but also by the Auditor-General and so when they are presented to the House, there is always a time-lag. After the annual reports of all the companies are presented we prepare a summary or integrated report and so there is always a time-lag. But our hope is that we will be able to present the report for the year 1961-62 some time in the Budget Session so that it will be possible for hon. Members to have it when they discuss the General Budget or the other matters connected with the Budget. That is our effort and we asked why

do it. It was asked why the question of having a Committee of Parliament was dropped. This House is aware that there was some controversy about the composition of the Committee. The two Houses were to be represented. Actually, the motion that was brought in the other House has been

withdrawn. And the whole matter is before the Law Ministry. They are considering it.

SHRI BHUPESH GUPTA: What is there for the Law Ministry? How is the Law Ministry involved in it?

SHRI B. R. BHAGAT: It is the Ministry to advise in what form the motion should be brought. It is always a matter of constitutional or legal advice.

SHRI BHUPESH GUPTA: Our suggestion in this House was that we should be members of that Committee. It should be a Joint Committee so to say but the other House did not fancy it. Therefore they were saying they would rather leave out the Committee than having us on it. This was the position. Why are you taking cover under law?

SHRI B. R. BHAGAT: I am sorry the hon. Member gets exercised over a simple matter. I said that the whole matter was being considered. There must be somebody to consider it. The whole Government cannot consider it. This matter is being considered and a substitute motion will be brought before the House.

SHRI BHUPESH GUPTA: How long will it take?

SHRI B. R. BHAGAT: Members should not have any grievance about it. In what form or in what shape the motion should be brought is under consideration. It is as a result of the controversy, in deference to the wishes expressed, that that motion was withdrawn. In what form it should be brought, it is being considered and it will come.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): Since the Minister will take a little more time I hope the House will have no objection to sit a little longer to complete the debate.

SHRI M. H. SAMUEL (Andhra Pradesh): Why not we continue tomorrow?

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): Tomorrow there is other important business, the Defence of India Bill, and so I think we should sit a little longer and complete this.

SHRI M. H. SAMUEL: The sponsor of the motion will have to reply thereafter.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): That is why I said 'complete the debate'.

SHRI B. R. BHAGAT: It was mentioned that sometime back the Estimates Committee had recommended that there should be public participation in the State undertakings to the extent of 25 per cent. and it was asked, 'what has happened to this proposal?' This was examined by the Government and it came to the conclusion that this was not practicable and therefore it should not be pursued at present.

SHRI BHUPESH GUPTA: It was because some Members in the other place came to the conclusion that for the purposes of this Committee the Members of the Rajya Sabha should be treated as untouchables.

SHRI PANNALAL SARAOGI: He is now dealing with another matter.

SHRI B. R. BHAGAT: The hon. Member seems to be tired and his mind is not working. This is about public participation in these undertakings.

Then about the question of profitability, the hon. Member made a charge that this gives a very distorted picture. He actually quoted from the 'Conclusion' and said that as against 0.4 per cent. we have tried to show that the net profit is 5.5 per cent. in the year under Report and 4.4 per cent. during last year. We have not tried to conceal anything. It is very obvious that we have categorised it under different headings. This is one way of looking at things instead of jumbling up together the undertakings which are under construction, undertakings

which are running, undertakings which are of a different nature and undertakings like the steel plants which have a very long gestation period. From the financial or from the accounts point of view it may be a more conventional or orthodox way of presentation, but from the real factual point of view this is a better presentation. I think this is a better and more realistic way of presentation. We have categorised it and we have made it very clear that this relates only to those undertakings which are running. The steel plants have not been fully commissioned—they have a longer gestation period—and they are not working to their full capacity. They have only reached 50 per cent. of their capacity now and last year to which this Report relates the capacity of production was still less. And to compare their profitability which concerns in the private sector which have been there for ten years, fifteen years or twenty years, I think, is very unfair. Now, there are companies like the Hindustan Machine Tools which has made not only enormous profits, it has also met the cost of its further expansion. It is such a glowing example. He himself said that Ashoka Hotel is one of the best pieces. And I have no doubt that in course of time progressively the picture of these public undertakings will become different.

Another matter that has been said—and I think it is more a miscalculation by the hon. Member in this same respect—is this. He said he was a believer in socialism but certainly not in this kind of thing. He said that only Rs. 49 lakhs was surplus and actually he took that figure from page 15. I want to correct him because probably in a hurry he has completely missed the point. That sum of Rs. 49 lakhs represents the balance carried forward which is normally shown in the balance-sheet, which is carried forward from this year to the next year. It was not surplus. The actual surplus is Rs. 7.74 crores, not Rs. 49 lakhs. And I have no doubt that in the coming years the profits will be much

more. This is not the way to judge the public undertakings by mere profits, although, in the Third Plan, we have taken that these public undertakings will be a great source resources. We are making the best efforts to realise resources from them and really that should be our test. That means that their working must be good, that their working must be satisfactory and I entirely agree with him that Mr. Herbert Morrison's tests of sound management and public accountability should be the motto. I agree with him entirely and that is why the Third Plan provides for greater resources from these public enterprises.

And that takes me to the question of management and I agree that in a dynamic situation like this we cannot sit on our oars. While some companies are doing well and everything is right with them, whether it is the public sector or the private sector, the one problem today before us is that we must show better efficiency, better management and better economy not only in the public sector but also in the private sector. There is the question of exports and the whole world knows, the whole House knows, that we are not in a position to export our goods because our goods are costlier. We are not able to meet the competition in the world and we have to prepare ourselves for that. Whether it is Japan or England, they have prepared themselves fully for exports by cutting down their costs and by taking various other measures. For example, take our sugar industry. There is very huge profit there. The sugar industry is making huge profits but if you see the cost of sugar it is one of the highest in the world. So we have to look at this not from the point of view of public sector or private sector. Some Members feel that if it is taken in the private sector everything will be solved. It is only having a very shortsighted view of it. I would like you to look at it in a more scientific way. Whatever it is, these industries must be run on a commercial basis. Commercial basis means that

they must serve the interests which they are charged with under the Plan. They must be run efficiently and that is why we are constantly taking steps to see that they are run more efficiently. There was a charge that it was being more and more officialised. We have reduced the number of officials on the Board. Not only that. We have not stopped with that. We have seen to it that in respect of each public undertaking the Board of Directors must have more and more powers. For example, in respect of the Hindustan Steel, which is one of our biggest undertakings, we have seen to it that they have more powers. In regard to appointments to the various posts or in regard to individual items of expenditure, the Board of Directors have larger powers today. We have delegated these powers to them. It is not as if the Department of Iron and Steel or the Steel Ministry alone should run them under their own direction. Similarly, we have made a revolutionary departure in respect of the managers of each of the three steel plants. We have given enormous powers to the General Managers and it is the General Manager who will be responsible for the better functioning of his plant. And that is why we have given them enormous powers. The powers of the Board of Directors of the Hindustan Steel will be mainly exercised through budgetary control, their having annual production targets, etc. Otherwise, there will be no detailed itemised control. Similarly, in respect of purchase of raw materials, appointments and financial powers, the General Managers will have to delegate powers to their sectional managers or persons who are in-charge of the different sections. We have tried to streamline it, knowing the logics of the situation, judging it in a very objective and scientific way so that they are managed properly. That is our attitude and I have no doubt that the public undertakings are showing better. They are doing well. But for these public undertakings we would not have had this industrial

[Shri B. R. Bhagat.]

base that the country has today. We would not have had the technological outlook, the outlook of training a large number of technocrats and technical personnel that we are having today. There may be a larger number of men in each mill or each unit but they will be the basis for future expansion. The House should appreciate that we can have capital, we can have other things, but the bottleneck is in respect of managerial personnel, technical personnel and others. They are the biggest bottleneck and it should be our effort to create them and expand them as rapidly as possible. We are trying to do that. Therefore, to look at it in an objective way, I think the public undertakings have been given an assigned role in our economy. They are going to be a dominant sector in our economy. In the years to come they will expand and they should expand because in their expansion lies the rapid industrialisation of the country. They will not only command the strategic and commanding heights, but they will also have a dominant part in the economy. There is also scope for the private sector. They have also a role to fulfil and we should judge them by their crucial and strategic role. They must show the highest standard of efficiency. They must show the highest standard of management, progressive thinking towards technological advance, which is required in such a modern, complicated industrial system. So, there are no two opinions about that. I have no doubt that this Report shows that we are marching on the right lines. The public undertakings are doing well. In the coming years, in successive reports, in terms of cost, in terms of management standards, in terms of capital employed and profitability—from whatever strict standards you may look at them—it will be and it has been our effort to see that they must show their best, so that they perform the role that they have been assigned in the Plan.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): Mr. Mani, please be brief.

SHRI A. D. MANT: Mr. Vice-Chairman I would seek the indulgence of the House for just five minutes. My purpose has been largely served by the Minister's indirect admission that my financial analysis of this Report is correct. He said that nothing has been concealed and that they have taken only the profits of the running concerns. I hope that when the next year's report is published, he will take all the concerns into account and give us a more correct return, so that we have a better idea of how these undertakings are functioning. The Minister said that perhaps I had some prejudice against the public undertakings, I may assure him and the House that I have no prejudice whatsoever against the public undertakings. I want them to prosper because it is the country's money which has been invested in them. The purpose of this debate was to point out some of the serious defects in the management of the public sector, which should be looked into by the Government and remedial action taken. The Minister said that as time goes on the public sector will expand. In this matter, I would not take up a doctrinaire position. Even the British Labour Party has had some re-thinking done on the question of expansion of the public sector. We want the country to prosper. We want to sell our goods at the lowest price in the country. We want to produce goods at the lowest price so that we may have an export market. That is the main consideration and not any ideological prejudice, because recent events have shown that a socialistic country which is for the public sector has attacked us and the capitalist countries which are for private industries have come to our aid. So, there is no question of ideology in this matter. We want the industries to be run properly and I would like to repeat again the suggestion that I made, namely, before taking up abstract, doctrinaire posi-

tions of the kind that the Minister has taken, the Government should, at some stage, have an enquiry into the need for the expansion of the public sector and find out in what sectors it should expand. Let us have some fact-finding investigation and there should be no difficulty in Government accepting the suggestion.

I am very thankful to the Members who have taken part in this debate and I want to conclude with just one sentence and that is my hon. friends have raised this question of the Rajya Sabha being represented on the Committee for Public Undertakings, if ever such a Committee is set up, with equal status and equal rights. If the Government is serious that the public sector undertakings should run well, they should not start with a sectional outlook in regard to representation on such bodies. The Members who are

here are the representatives of the States and the States have got a vital interest in the working of the public undertakings. Some of them have taken a share in the public sector undertakings like the NEPA Mill. Therefore, we have got a right to be there, with equal status and equal rights. I am not making a plea that we should be included. I am demanding that this House should be represented with equal rights on such a body.

SHRI AKBAR ALI KHAN: We all agree.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): The House stands adjourned till 12 noon tomorrow.

The House then adjourned at seven een minutes past five of the clock till twelve of the clock on Wednesday, the 5th December 1962.