

MR. DEPUTY CHAIRMAN : The question is :

"That the Bill, as amended, be passed."

The motion was adopted.

MOTION RE. THE FIRST ANNUAL REPORT OF THE HINDUSTAN SALT COMPANY LIMITED

SHRI M. P. BHARGAVA (Uttar Pradesh) : Mr. Deputy Chairman, I beg to move :

"That the First Annual Report of the Hindustan Salt Company Limited, Jaipur, laid on the Table of the Rajya Sabha on the 19th August, 1960, be taken into consideration."

At the very outset I have to make a point about the delay in placing the Report on the Table of the House. As you have seen from the Report, the annual general meeting was held on 21st December, 1959. Obviously, that meant that the Report was ready on that date. I fail to understand why a time lag of eight months should pass between the general meeting and the laying of the Report on the Table. I do hope that in future the reports of public sector companies will be placed on the Table of this House as well as that of the other House as early as possible without any unnecessary delay.

Sir, when the Hindustan Salt Company was formed, we understood that there were three main objectives for which the Company was being formed. One was the recovery and utilisation of constituent salts from the bitterns of the salt industry at Sambhar, Didwana and Kharaghoda, secondly to have expeditious and efficient running of a commercial concern, and thirdly the production of essential sodium salts which were in short supply. When the Company was formed, India was self-sufficient in the production of salt. Not only was India self-sufficient, there was excess of production and we successfully exported some

quantity to Japan before the taking over. I will show later by means of figures of production how the production has gone down since the Hindustan Salt Company took over the management from the Salt Commissioner.

I would invite the attention of the hon. Minister to para 3 of the Report under discussion where it is stated :

"The Company was registered on 12-4-1958 at Jaipur but the actual business of the Company commenced on 1-1-59 as the Salt Sources at Sambhar and Didwana in Rajasthan and Kharaghoda in Bombay State were handed over to the Company by the Government only on the above date."

I would like to have some light from the hon. Minister why there was this delay in the commencement of the working of the Company. To me it seems that the decision to form the Company was taken in a hurry and without adequate consideration of all the relevant factors. The result of this was that for months the Board of Directors refused to take the responsibility for taking over the Government salt works as is apparent from para 3 which I read out a little earlier. Later, because of facts connected with the ownership and because of the inherited rights of a large number of people were affected, the Government of India were compelled to return the salt works at Didwana, as will be clear from para 13 of the Report under discussion. It may be noted that the salt bitterns at Didwana are the richest in their sodium sulphate content. That much about Didwana.

About Kharaghoda, what do we find? After the going out of Didwana from the Hindustan Salt Company, only two places remained one being Kharaghoda and the other Sambhar. For these two sources the Company is now responsible. The one in Kharaghoda in Gujarat is a losing concern. That again is clear

from the Report under discussion. The salt produced there is unsaleable and no attempt has been made to recover valuable by-products. It may be noted that the Kharaghoda area is the richest source of bromine in the British Commonwealth and the second largest source in the entire world.

Now, I come to the source at Sambhar. I have got before me the proceedings of the Planning Committee which was appointed in 1956.

That Planning committee, in their meeting held on Friday, the 23rd November, 1956, decided that a sub-committee consisting of Dr. Kane as Convener, Shri P. N. Kathju, Dr. N. N. Godbole and Shri Everden as Members be constituted to submit a report on the requirements of the field stations and programme of work on salt. It was suggested that Shri Kathju and Dr. Godbole might go ahead with this work immediately and the sub-committee might meet in Delhi before the end of December, 1956, that is, before the formation of the Hindustan Salt Company and submit the report within a month. Now, I do not know for what reasons this sub-committee never met or, if I may use stronger language, was never allowed to meet. I shall be grateful if the hon. Minister would throw some light on the non-convening of this Committee by the then Industrial Adviser.

Now, coming to the question of production, what do we find? Paragraph 6 contains the following statement :

"The season at Sambhar salt source extended beyond the 30th June, 1959 and came to a close on the 3rd August, 1959. The total quantity produced at Sambhar during the period from 1-1-1959 to 3-8-1959 was, therefore, 62,36,000 mds. Thus the target of production has been exceeded both at Sambhar and Didwana but at Kharaghoda the actual production has fallen short of the target because the production

was restricted there by the Directors on account of large accumulation of stocks at that source from the previous year's production".

Now, as I said, Kharaghoda is a losing concern. Didwana has been taken out of our hands and we are only left with Sambhar as a paying proposition. In the Report issued by the Commerce and Industry Ministry for 1959-60, we find under Salt, Chapter 8—

"The total salt production in the country during 1959 was 8,00,44,000 maunds against 11,25,53,000 maunds during 1958, showing a decrease of 24 percent. The fall in output was due partly to unfavourable climatic conditions and partly to a voluntary cut in production resorted to by manufacturers due to carryover of large stocks from the previous year. The zonal scheme for distribution of salt by rail was continued to ensure even distribution and availability of salt to consumers. No scarcity of salt was reported from any part of the country. The Government Salt Works at Sambhar and Didwana in Rajasthan and Kharaghoda in Bombay were transferred to the Hindustan Salt Company Ltd., a wholly Government owned company with effect from 1st January 1959."

It would be apparent from the figures that production went down by three crore maunds in the year 1959 when these salt works were managed by the Hindustan Salt Company as against the year 1958 when they were managed by the Salt Commissioner. In the objects with which the Hindustan Salt Company was formed, the main emphasis was that sodium salts and by-products would be developed and that this Company would not restrict itself to the production of salt only in regard to which the country was self-sufficient. We are importing crores of rupees worth of sodium salts, e.g., caustic soda, sodium nitrate and some amount of sodium sulphate. I would like to know as to why so far no effort has

[Shri M. P. Bhargava.]

been made for manufacturing any of these sodium salts. I would invite the attention of the hon. Minister to a question of mine about soda ash which was replied on the 17th December, 1959. The question was—

“... (a) whether any decision has been taken by Government to set up a soda ash manufacturing plant at Sambhar in Rajasthan; and

(b) if so, whether the plant will be in the private sector or in the public sector?”

The hon. Minister sitting here replied—

“A scheme has been submitted by a party for the establishment of a plant at Sambhar to manufacture soda ash, etc., and it is under examination.”

I put a supplementary question—

“May I know whether it is a fact that proposals were made to set up a factory in the public sector?”

and categorically came the reply—

“No, Sir.”

I again asked—

“May I know the estimated cost of the plant which is to be set up at Sambhar?”

The reply was—

“About Rs. 4 crores.”

I put a further supplementary—

“May I know whether it is a fact that the Hindustan Salt Co. made no provision for exploring the possibility of setting up a factory?”

The reply given to this question was—

“No, Sir. That is not the point because the Hindustan Salt Co. just now is primarily concerned with developing more and more production of salt.”

Now, these are obviously contradictory things. On the one side, we say that production is to be increased and on the other side, in this Report, we say that the production had to be slowed down. I hope he will be able to convince me. Further on, as far as the alkali industry is concerned, he said:

“There are many private parties coming forward and we are making the country nearly self-sufficient. Therefore, it was not thought necessary for a public sector company to go into this line at present.”

This is about soda ash. Let us see the later developments. After the Company gave over Didwana to the Rajasthan Government, the Rajasthan Government have gone ahead and a factory by some private party is being put up. Probably, it may go to Hanumangarh because Didwana was the very place where the public sector venture was required and it may not be suitable; it may have to be somewhere else.

I had put another question about sodium sulphate, which is another important thing. Here is my question—

“Will the Minister of Commerce and Industry be pleased to state:

“(a) the quantity of sodium sulphate being manufactured in India; and

(b) what was its price per ton on 1st March, 1956, 1st March, 1957, and 1st March, 1958?”

This question was put on the 8th May, 1958. There was a Statement which I will read out quickly—

“(a) About 10,000 tons per annum (excluding supplies made from natural deposits at Didwana).

(b) Price charged for naturally occurring sodium sulphate at Didwana was Rs. 100 per ton, f.o.r.

Merwar-Ballia. The price of the by-product sodium sulphate ranged as follows depending upon the sodium sulphate content as well as the nature and quantity of impurities."

A schedule is given. Then I asked—

"May I know whether any sodium sulphate is being imported?"

The reply was—

"About 28 tons have been imported last year—practically very negligible."

Then it goes on further—

"May I know the quantity of natural sodium sulphate which was sold last year?"

"Natural' means all that is produced in the country? Or if the hon. Member means only that produced at Didwana, the production is only about 9,000 to 10,000 tons. We get sodium sulphate as a by-product of industries and there are 17 firms which also produce glauber's salt. That will be running to 15,000 to 20,000 tons."

"May I know whether there are any possibilities of getting more supplies from natural sources?"

"Yes, Sir. The Hindustan Salt Company which has been formed will look fully into the utilisation of by-products from Sambhar and other natural deposits and glauber's salt is a very important natural product of this industry."

I would like to know what has been done by the Hindustan Salt Company for recovering sodium sulphate which could be used in more than one way and which is being used. At present the supply comes from the by-product in rayon mills. That is a by-product which we have to purchase. If we recover our own sodium sulphate, we can utilise it very well for various purposes. Now, the process for manu-

facturing ammonium sulphate which is a fertiliser makes use of common salt and calcium sulphate as raw materials. The final products are ammonium sulphate and calcium carbonate. Now, if we have adequate supplies of sodium sulphate, we can utilise sodium sulphate instead of calcium sulphate. If the raw materials used are sodium chloride and sodium sulphate—and ammonia of course—then the final products will be sodium carbonate and ammonium sulphate. The price of calcium carbonate is about Rs. 7 to Rs. 8 per ton whereas the price of sodium carbonate at present is over Rs. 400 per ton. What a difference it would make if that could be done. I would like to know from the hon. Minister whether any efforts have been made or any research work is being done to find out if this process could be successfully adopted and sodium carbonate produced as a by-product instead of calcium carbonate.

I will now take you to another question and that is about the formation of the Central Salt Board which has been recommended by the Salt Committee. I have put a series of questions on this.

THE MINISTER OF INDUSTRY (SHRI MANUBHAI SHAH): That won't arise out of the consideration of the annual report of the Hindustan Salt Company.

SHRI M. P. BHARGAVA: It does; it does and I will tell you how it does. What we are doing at present is production of salt only, development of salt and nothing else. If a Central Salt Board—an autonomous body—is formed quickly, then it can take over the entire salt produced in the country, make out a plan and a programme for recovering sodium sulphate and manufacturing other very costly and valuable sodium salts. The first of these questions was put by me on 24th February 1959—

"Will the Minister of Commerce and Industry be pleased to state

[Shri M. P. Bhargava.]
whether any decision has been
taken by Government to form a
Central Salt Board; and

if so, when it is likely to be
formed?"

He laid a statement on the Table in
reply which said—

"A Central Advisory Board for
Salt, which was originally constitut-
ed in October, 1954, has been in
existence since then. The Salt
Committee appointed by the Gov-
ernment of India in January, 1958,
to consider certain matters con-
nected with the development of the
salt industry has, in their report,
submitted to Government recently,
recommended the setting up of an
autonomous Central Salt Board for
sanctioning and executing schemes
relating to development works of
the Salt Department and for being
entrusted with the responsibility for
welfare schemes for salt labour as
also for the grant of financial help
in the form of loans to salt manu-
facturers.

The Salt Committee's recommen-
dation is under consideration, and
it is hoped that a final decision will
be reached in the matter shortly."

This was on 24th February 1959; today
it is 27th February 1961. Two years
have elapsed and a decision has not
yet been taken. Sometimes we are
told that a decision will be taken in
three months; sometimes we are told
that a decision will be taken shortly.
That is the story of the answers to
the questions which I have tabled
from time to time. On 23rd April
1959 I again raised this question and
the same story was repeated. Again
on the 13th August 1959 in reply to
my question I was told—

"I expect, now that most of the
replies are received, the Central
Board at its next meeting perhaps
this month is going to finally give
its consideration. Maybe, within

three months final decision will be
taken on the report."

Next I put the question on 23rd Nov-
ember 1959 and the reply was that
the question was still under consid-
eration. On 10th February 1960 a reply
was given that a few of the points of
the Report were still under considera-
tion. When I again raised the question
on 7th April 1960 the hon. Minister
replied that the matter was still under
consideration and a decision would be
taken soon. I asked further—

"May I know whether there are
any special reasons for not taking
any decision so far?"

And he replied—

"There are one or two fiscal
reasons, because we are trying to
reorganise and, if possible, retrench
the strength of the salt department
which is rather more administrative
than developmental. We want to
transfer some of the staff to the
development side."

There were further questions which I
put—

" May I know whether it is a
fact that the salt development work
is suffering because of indecision in
regard to this matter?"

"No, Sir. What has been sug-
gested is an improvement no doubt.
It is true that if the Central Salt
Board is constituted, some better
developmental work may be done.
But there is no question of any
suffering because the present policy
continues, the policy of having the
salt department under the Salt
Commissioner."

Then my hon. friend, Shri Jai Narain
Vyas, intervened and asked—

"Is it a fact that in anticipation
of that decision being taken the
salt areas of Rajasthan have been
transferred to the Rajasthan Gov-
ernment for administrative pur-
poses?"

The reply was—

"That is true, Sir, but it has nothing to do with this report. The lease with the Rajasthan Government in respect of Pachbhadra, Didwana and Sambhar was coming to an end on the 31st March, 1960. We have retained the Sambhar lease and as per the request of the Rajasthan Government we have retransferred the Pachbhadra and Didwana areas to them."

Now, it has been admitted here—

"It is true that if the Central Salt Board is constituted, some better developmental work may be done."

This was in April 1960. Now, when it is realised by the Government that here is a proposal which is going to benefit all, why is so much time being taken in coming to a decision? What is the cause of this indecision? Am I to understand that some external forces are working which are delaying the decision? Or, is it simply a matter of routine and it takes time in deciding things? I would be obliged if he enlightens me on this point of indecision in such a matter as this. On the 24th August there was another question and the reply was—

"Not yet. No decision has been taken yet."

The next question was on the 1st December, 1960, and I was told—

"Not yet. It is hoped that it will be possible to reach a decision in the matter shortly. It may, however, be stated that there are already one Central and six Regional Advisory Boards for Salt."

Lastly, a question was put in this Session and this time it is the same old story—

"Decisions have been taken on a number of recommendations of the Salt Committee and only decisions on a few recommendations including

that regarding the setting up of the Central Salt Board are yet to be taken."

Exactly, the same thing I was told a year earlier. It goes on—

"When all decisions are finalised, I will lay a statement on the Table of the House."

Now, this probably is like a sort of an assurance that I need not pursue this point further. When a statement is ready, it will be laid on the Table of the House. You need not worry. That is the reply this time, but I may assure him that I am not going to leave this question and I will pursue it.

I would invite your attention to one more thing before I sit down and that is page 108 of the Report of the Ministry of Commerce and Industry for last year:—

“At the request of the Hindustan Salt Company Ltd., a German firm deputed a salt technician during the year to Sambhar and Kharaghoda for assessing the possibility of manufacture of by-products. A scheme prepared by the technician for washing of salt and for the recovery of sodium sulphate as a by-product of salt at Sambhar Lake, estimated to cost Rs. 56 lakhs, is now under the consideration of the Company.”

I would like to know if any further progress has been made about the point mentioned in this Report.

Coming to the end, I would plead that the decision about the formation of the Central Salt Board may be taken as early as possible.

Another thing about which I would like to offer a suggestion is that after the formation of the Central Salt Board, a joint company may be formed in the public sector by the Central Government, with the co-operation of the Rajasthan Government to develop salt by-products and to manufacture such of the costly sodium salts that

[Shri M. P. Bhargava.]

are being imported at present from abroad. We should not forget, in forming this company, that some portion of the shares should be given to those people who are being affected in those areas. A fair percentage of the shares should be kept for them. I would suggest that 30 per cent. of the shares be held by the Central Government, 30 per cent. of the shares by the Rajasthan Government and 40 per cent. of the shares may be kept for those people who will be affected by the developmental schemes in those areas. Thank you.

The question was proposed.

SHRI JASWANT SINGH (Rajasthan): Mr. Deputy Chairman, I have been hearing the speech of my friend, Shri Bhargava and according to the List of Business as well as from the Notice of Motion given by Shri Bhargava, I thought that we were to discuss the First Annual Report of the Hindustan Salt Company Limited. But while discussing this Report, Shri Bhargava has introduced so many subjects, particularly the various questions he had put from time to time to the Commerce and Industry Minister. And he has stated his case very nicely that the Ministry has been taking different positions at different times, whenever he put the questions. Again, the fact remains that I do not know what relevance these questions have with the Report of the Hindustan Salt Company Limited. It will be seen that this is the first report of the Company. It did not have time to complete a full year to submit its report. It had worked for six months and an annual report had to be submitted by a certain date according to the company law. The Report covers the working of the Company for six months, as far as the salt works in India which were entrusted to the Company by the Government were concerned. Again, I understood from my friend that in para 3 of the Report though the Company was registered on 12th April 1958 at Jaipur, the actual work was not handed over to it

till 1st January 1959, because the Company would not take it. That is what I understood—I speak subject to correction—that the Company would not take it over before 1st January 1959. But para 3 of the Report clearly says—

“The Company was registered on 12th April 1958 at Jaipur but the actual business of the Company commenced on 1st January 1959 as the salt sources at Sambhar and Didwana in Rajasthan and Khara-goda in Bombay State were handed over to the Company by the Government only on the above date.”

Therefore, I do not know what fault can be found with the Company for not commencing the work before 1st January 1959, though it was registered on 12th April 1958. It may be that for various departmental reasons the Government was not in a position to hand it over. Therefore, I do not understand what responsibility the Company can have for commencing its work later.

Then, he referred to the objectives of the Company as one of his main arguments. The Company's objectives are mentioned in para 5 of the Report and the Company accepts responsibility for by-products and other allied chemicals either obtained in course of salt production or processed from salt as raw material. But we have to see how much time the Company had at its disposal to put the objectives into action or implement them in such a short time. Sir, the Company, it will be seen from the Report, has realised that these things are very important but they can be taken in hand only on certain conditions being fulfilled. For example, take the case of sodium sulphate. It is not that they do not realise the importance of sodium sulphate to our economy. We import this, and we can save foreign exchange also if we can manufacture it. But here the Company states in paragraph 13—

"It was felt that the manufacture of salt and the recovery of sodium sulphate at Didwana should be integrated and it would not be profitable for the Company to manufacture salt there alone leaving sodium sulphate to be manufactured by the State Government."

As I submitted a little while ago, this Report relates to the period up to June 1959. Another year has passed and another Report will be due shortly or must be submitted, and before long it will be before us. So, I do not know what the latest position is. But I would like to know from the hon. Minister, when he gives the reply, as to what the latest position is, whether they have come to the decision that this Didwana salt source will be handed over to this Company for purposes of manufacture of sodium sulphate or they themselves are going to manufacture it as hitherto. If they themselves are going to manufacture sodium sulphate, then naturally it is clear that it will not be profitable for the Company to manufacture salt alone out of the Didwana salt source. I do not know the latest position. The second report which was due in June 1960 will reveal the latest position as to whether the Rajasthan Government is still manufacturing or whether the Central Government has prevailed on the Rajasthan Government to hand over the manufacture of sodium sulphate also to the Company.

Similarly, Sir, in regard to the production of sodium sulphate, potassium chloride and other things, they again state in paragraph 14 at the end of page 11—

"The Directors further decided that along with the production of salt at Kharaghoda, recovery of potassium chloride from the bitterns should be taken in hand as at present this recovery was not being made either by the Company or by the Pioneer Magnesia Works with whom an agreement was entered into by the Government of India for utilization of bitterns. The demand for potassium

chloride is almost entirely met by imports, and the Government has impressed earlier on the salt manufacturers in the West Coast to undertake its production from the salt bitterns."

Here also, during the short time at the disposal of the Company, they have put forward some proposals, and now it is for the Government to arrive at some decisions, and if they have arrived at decisions in time, the second Report of the Hindustan Salt Company which has already become due in June 1960 must contain the latest position. But I would like to know also from the hon. Minister when he replies as to how far the Company can be held responsible for not fulfilling the objectives which were decided upon at the time of formation of the Company. Within six months of commencement of work when they submitted the first Report, they have expressed certain hopes and they have put up proposals including a proposal for the manufacture of table salt at Sambhar in collaboration with German firm at a cost of some Rs. 84 lakhs. But all these details have to be gone into and sanctioned by the Government, and it will be from the June 1960 Report that we will be able to know whether the Company has failed in its mission in regard to production.

Various figures were quoted by Mr. Bhargava and he tried to show that even the manufacture of salt had fallen. But at the time of formation of the Company certain targets were placed before it for the manufacture of salt, and both at Sambhar and Didwana those targets were exceeded. It is only at the other place in Gujarat, where certain difficulties were experienced by the Company, that it has not done so. Again I do not know the latest position. In olden days of course I was conversant, and before independence the position was very different. But now I do not know whether private parties are allowed to manufacture salt and also sell it in competition with a Company like this. The Report says—

[Shri Jaswant Singh.]

"There had been large productions of private salt of late, in the area round about Kharaghoda which has captured the markets earlier catered by Kharaghoda salt."

Moreover, in regard to the cesses and other taxes also, the private sources pay less than the Government Company. Naturally, in competition, the cost of production for the Government Company will be higher than the private sources. Then again, Sir, this Report mentions that in regard to the lease with the Rajasthan Government, formally Didwana and Sambhar, these main salt sources in Rajasthan, belonged to the former Indian States of Jaipur and Jodhpur, and they had derived certain rights for the manufacture of salt. Not only that but other States also had their own minor salt sources, but the main sources of manufacture of salt were particularly in Sambhar and Didwana which belonged to the former Jodhpur and Jaipur States, and they had certain agreements with the Government of India. After integration those rights were transferred to the Rajasthan Government, and the lease was to expire last year, in 1960. The Company presses that the terms of the lease work very hard on it, that its work is hampered, and that therefore it cannot do justice to the manufacture of salt unless the terms of the lease are made favourable as is done by other States in regard to private manufacturers. I do not know whether the lease which has expired last year has been renewed. The Company pays to the Rajasthan Government something like Rs. 20 lakhs as compensation. The Company says that this is very high, this payment of Rs. 20 lakhs, that the cost of production will go very high, and that the private manufacturers will be in a better position to compete with the Company. I do not know the position in regard to the lease of the Company with the Rajasthan Government, whether the compensation has been lowered, and there are royalties and

other things which are also very high according to the terms of the lease. I hope the hon. Minister will throw some light on the latest position. From the Report it seems that many things which Mr. Bhargava has said may be true. Government might be shifting its position from time to time when he has been putting these questions. But the main question remains whether, according to the Report of the Hindustan Salt Company, the responsibilities for those shortfalls or deficiencies can be laid at the door of the Company. I personally feel that according to the Report which has been submitted the Company have done fairly well. They were suffering under certain handicaps, and they themselves had suggested that if these handicaps were removed, they would undertake and fulfil the objectives which were entrusted to them. In the second Report which already has become due and in the Third Report which will become due in the course of the next three or four months, their achievements will clearly be seen as to whether . . .

MR. DEPUTY CHAIRMAN: No repetitions.

SHRI JASWANT SINGH: I will finish my speech in a minute.

Only after seeing their other Reports, we will be able to know whether they have fully succeeded or not but from a discussion of their first Report, I personally feel satisfied that the Company has done well.

SHRI JAI NARAIN VYAS (Rajasthan): Mr. Deputy Chairman, I am thankful to Mr. Bhargava for raising this issue and for his studied speech on the subject. There may be differences of opinion between him and the Minister himself; there may be differences of opinion between the Minister and Jaswant Singhji, but the fact is that the working of the Salt Company should be examined in the light of the present circumstances and in the light of the objective of the Government of India.

SHRI JASWANT SINGH: Should we go outside this Report?

SHRI JAI NARAIN VYAS: I am not going outside the Report, I am within the four walls of the Report, if it has four walls. But no company can go outside the objective with which it has been planned. Every company which has been established by the Government of India with the money of the Government of India has to look to the objective which the Government of India seeks to further. Coming as I do from Rajasthan, I have a special interest in salt and I have seen the working of the salt mines in all the areas mentioned here. The salt mines of Didwana and Pachbhadra were the concern of the State of Jodhpur and the salt mine of Sambhar was the joint concern of the States of Jaipur and Jodhpur. There are other salt mines also, smaller ones, in Phalodi and other places. But the Central Government under the British rule did not like much salt to be manufactured by us for more than one reason. One of the reasonable reasons was that salt should remain a Central subject and one of the unreasonable reasons was that the British Government wanted to control the production of salt in their own interest? They wanted British salt, salt produced by Britishers from the sea round about Britain, to be brought here and the production of salt here to be limited. That was their unreasonable reason. Anyway, they forced—I do not say asked—the Governments of all the States in Rajasthan to cease production of salt and hand over the production of salt to the Government of India for a hundred years. Those hundred years were finished and they finished by the time we became independent.

I support the Government in having set up this Company at this juncture, and it was quite right. And I can congratulate the Company also for producing more salt than was expected of them. But the fact remains whether the Company is func-

tioning in the way in which we envisaged it to function. Maybe because of the fault of the Company or of the Government of India or because of some other circumstances, the Company has not been able to function, I may say, successfully. They have produced salt satisfactorily and they can be congratulated for that. But they have not been able to produce any by-product. What is the reason for it? My hon. friend blames the Government slightly. I do not want to blame the Government. I would blame it after I have heard the Minister and I would have some other opportunity to blame it, not today. But the fact remains that by-products of salt have not seen the light of day as yet. I was very much horrified when I heard Mr. Bhargava saying that in Didwana sodium sulphate might be manufactured by some private company. There is a history behind the production of sodium sulphate. It was some expert who first of all found that sodium sulphate could be manufactured in Didwana and he asked the Jodhpur Government to set up a factory and a factory was set up. But as it happens when services rule without any experience in expert matters, that factory failed and it was handed over to a Calcutta company. That company made money—not very much but I can say they made money satisfactorily—but later on, they refused to pay royalties to the State of Jodhpur, and there was a quarrel between the company and the State of Jodhpur. Afterwards, the sodium sulphate factory stopped working for many days. Then again it was started when there was a good demand for sodium sulphate from paper mills and what not. But we have not been able to set up a good factory for manufacturing sodium sulphate, maybe due to want of new machinery or due to some other reasons. The Government of India was very much correct when it said that the production of salt and sodium sulphate should be integrated. We are thankful to them for the expression of these views.

SHRI JASWANT SINGH: The Company said it, not the Government of India.

SHRI JAI NARAIN VYAS: The Company said it through the Government of India. The Government of India also said that the production should be integrated. In answer to one of the questions the hon. Minister has also said so. This integration is a welcome measure. But from what followed, I think something is going wrong. The Government of India wants the production of salt and sodium sulphate to be integrated, the Company which has been set up to produce salt and its by-products also wants the same thing but the Government of Rajasthan is going out of its way and is handing over the production of sodium sulphate to a private company.

SHRI MANUBHAI SHAH: Your information is not correct. He perhaps meant salt, not sodium sulphate.

SHRI M. P. BHARGAVA: Soda ash.

SHRI JAI NARAYAN VYAS: Soda ash? I see. Then I stand corrected.

Sir, the difficulty about the production of sodium sulphate was that there was no good factory, no new machinery, no modern machinery. Now, either the Government of India can do it or the Government of Rajasthan can get some good machinery. Or even a private company can bring good machinery for the manufacture of sodium sulphate. But the manufacture would deteriorate for want of good machinery. I suggest that the Government of India which has handed over the Didwana Mines to the Government of Rajasthan should ask them in public interest to hand over the whole source of salt production to the Government of India. In the same way, the Pachbhadra and the Sambhar Mines should also be in the hands of the Government of India and in the interests of the larger objective which I just hinted at, the Government should form some sort of a corporation and hand over all these companies producing salt to that corporation. I

agree with Mr. Bhargava that this corporation should be partially the property of the Government of India, partially the property of the Government of Rajasthan and partially of the interests that are working in the areas. But I would differ slightly from Mr. Bhargava on the last point. What he meant by interest, I do not know. But I have seen that big capitalists have gone to Phalodi and other salt areas. They have got salt pits there 4 P.M. and they are manufacturing salt in tons and are making money also in tons by exporting the salts to Bihar, which should not be allowed to happen. If pits are to be given, they should be given to individual workers—they may be salt workers or they may be any type of labourers, or they may be given to co-operatives, but not to big concerns or big capitalists as is being done now.

Now, about the co-operatives also, Sir, I shall just give a little information. In so many cases co-operatives have been formed by the old contractors, by the old producers and by the old capitalists. Some five capitalists, their wives, their fathers-in-law, their sisters-in-law, their brothers-in-law and other relatives have formed the co-operatives, and these co-operatives, naturally, get their orders without tenders. So these tenderless companies have come into existence, and we must be aware of such companies. What the Minister should take into consideration—after this discussion is over—is that production of salt should lead us to production of wealth, not by a coterie of individuals for their own benefit, but by different individuals for the welfare of the country and the people at large. In the Five Year Plan the taboo has been sounded about the concentration of wealth and power in the hands of a few. So, that objective should apply in regard to production of salt also. If that sort of corporation is formed, then I think the objective the Government of India aims at can be easily achieved.

Now, Sir, Mr. Bhargava has pointed out some difficulties which the

Company itself has faced. Well, I do not stand to support the cause of the Company, but if you want the Company to function, then it is your duty to remove all the difficulties that come in their way, specially the difficulty in the manufacturing of by-products, and if this difficulty is there, I think we will have a great setback in the production of so many valuable things which we can easily produce.

Now, one thing which bothers the people of Rajasthan is that it is the land of a large number of big capitalists; they have their pull everywhere—I do not know whether they have their pull at the Central Government level or not—which the Minister may perhaps know. I had been in the administration of Rajasthan and I know they have their pull at least in Rajasthan. If a private company is allowed to be formed for the manufacture of soda ash, which, I suppose, this Hindustan Salt Company should manufacture, then, by and by, other by-products would also go into the hands of private companies, not even into the hands of co-operatives or pseudo-co-operatives. So, that thing does not contribute to the objective which we aim at. The Minister is a young man and he has got a great future before him. He should know that we have to establish a socialist State through the organisation to which both he and I belong, and that socialist State cannot be brought into being if more and more private companies are allowed to come in the way of the public sector and exploit the resources of the State for their own benefit, and more than I, he should feel for it, because he has to face the very elements who are opposed to socialism.

Now, Sir, my friend, Mr. Jaswant Singh asked: "Are we not going out of the way to plead in this context for socialism?" I am not going out of the way . . .

SHRI JASWANT SINGH: I never said it.

SHRI JAI NARAIN VYAS: You hinted at it: "Are you going out . . .

SHRI JASWANT SINGH: When have I hinted at it?

SHRI JAI NARAIN VYAS: That according to you was going away from the subject under discussion. I think I am within the four corners of the subject.

Now, Sir, one thing I would like to point out at this stage, and that thing is the production of what is called industrial salt. I have seen it and I have shown it to one of the Ministers in the Centre that very good edible salt is produced in Didwana. It is classed by the officers of the Central Government there as industrial salt. By 'industrial salt' they mean the salt which is used in industries, for example, for cleansing the leather, or doing something like that. Now usually the caravans of oxen and camels and others go out of Didwana with this industrial salt which sells very much cheap and which can fetch a lot of money if that industrial salt is sold as edible salt. I can assure you, Sir, that that industrial salt is also useful for cleansing leather, etc. Most of it is used for eating. They get it cheap and they sell it to the credulous villagers and get a lot of money—all with the connivance of the officers of the Central Government stationed here. Now, this Hindustan Salt Company, if it is allowed to manufacture the salt, to sell the salt and to manufacture other things, industrial salt included, I think this sort of corruption would not enter there.

Now, Mr. Bhargava has pointed out that a committee was set up. It was a planning committee to suggest ways and means for production of certain by-products. That committee has not functioned or—in the words of Mr. Bhargava—has not been allowed to function. This is bad. If it is so, I think it is the duty of the Minister here to pull the ears of those who are responsible for this anti-national act committed by the vested

[Shri Jai Narain Vyas.]

interests hiding somewhere within our own fold. I hope, Sir, the Minister will pay particular attention to this subject.

Now, about the constitution of a Central Salt Board. This, the Minister pointed out, was a subject which was separate from this very subject. As there are allied industries, allied to the salt industry, a discussion on the Central Salt Board is also an allied subject fit for discussion here. I think strong measures to control the salt industry properly are necessary, and if the Government of India or, for that matter, the Minister in charge of this subject takes it up to see that, when salt is being produced in large quantities, the valuable by-products are also produced, and that socialism is not sabotaged by the creation of private companies in this field, then he would not object to the creation of the Central Salt Board also.

These are the few points, Sir, which I wanted to raise during this discussion. Thank you.

SHRI ROHIT M. DAVE (Gujarat):
Mr. Deputy Chairman, Sir, I offer my thanks to our friend, Shri Bhargava, for bringing in a discussion on this Report and I must frankly confess that but for a discussion in this House I would not have gone through this important Report, and it has helped me in understanding some of the problems which the Hindustan Salt Company Limited is facing. Sir, this Hindustan Salt Company Limited was formed in order to relieve the Government department of running all its units, for manufacturing salt and to put it on a sounder basis so that when company management is introduced instead of just departmental management it may be possible for this industry to grow, it may be possible to exploit the salt resources at the disposal of the unit, which was transferred to this Company, more fully and also in order that it may be possible to expand this industry

by adding new lines of production. That was, Sir, the purpose of transferring the management from the department to a company.

Now, Sir, it may be, as my friend, Shri Jaswant Singh, has pointed out, that it would not be quite fair to judge the working of the Company from this first Report because the Company had not time to go into full stride, in taking over all the various units and to maintain them according to new business lines which it was expected to follow. That may be so, but at the same time once this House is seized of this Report it becomes the duty of the hon. Members to point out in what way this House expects this Company to function, and if as a result of the speech by the hon. Minister we are satisfied the Company is moving in the right direction and has made considerable progress in reorienting the entire management with a view to achieving the objectives that were set before the Company, we will be quite happy. But if on the other hand we find that some excess and other matters are still under consideration, that the Government has still not got into the full stride of production, then certainly the House will have to take a graver view of the situation.

Sir, as far as this Report is concerned, it is quite clear that the management is not at all satisfactory. I was going through the various trading and profit and loss accounts of the various units that are being run by this particular Company and I found that everywhere the original stock of salt acquired from Government was more, the sale of salt was less and the closing stock of salt was much more than the salt acquired from Government. As far as the Sambhar unit is concerned, the stock acquired from Government was something worth Rs. 26 lakhs odd, the sale of salt was worth Rs. 15.16 lakhs and at the end of the year the closing stock of salt was worth about Rs. 32.14 lakhs; the closing salt stock has increased from salt worth

Rs. 26.09 lakhs to Rs. 32.14 lakhs worth of salt.

Similarly, Sir, as far as Didwana is concerned, the stock acquired from Government was worth Rs. 4.88 lakhs, the salt sold was worth Rs. 1.31 lakh and the closing stock of salt stood at Rs. 6.97 lakhs.

SHRI JASWANT SINGH: But the Company was giving a rebate also.

SHRI ROHIT M. DAVE: And finally, as far as the Kharaghoda unit is concerned, the stock acquired was worth Rs. 32.64 lakhs, salt sold was worth Rs. 16.61 lakhs and the closing stock was worth about Rs. 50 lakhs. Nowhere the Company has been able to sell the stock that they took over from the Government. As a result of the working of these various units during the period under the management of the Company, there was more stock at the end of this particular year than what they got from the Government.

Now, Sir, the most intriguing part of this particular Report is the explanation that has been given, to which my hon. friend, Shri Jaswant Singh, tried to draw my attention. It was because of the explanation that I took the trouble of reading all the various figures. The explanation given is that the private sector's competition is so strong that this Company is not in a position to sell the amount of salt that they should be able to sell.

SHRI JASWANT SINGH: That is not the reason. If you see paragraph 7, it says that wagons were not supplied.

SHRI ROHIT M. DAVE: There are two reasons. The main reason is booking restrictions imposed by the Railways, and the other reason is less off-take from Kharaghoda salt source. These are the two reasons given in paragraph 7. What I am concerned with is why we are not in a position to sell the stock at Kharaghoda. Is it because of competition from private companies?

Now, the question is, here is a Company with an authorised capital of Rs. one crore and a subscribed capital of Rs. 14 lakhs, and another fully paid-up capital of Rs. 14 lakhs. They are permitted to issue capital up to Rs. 50 lakhs. Now, Sir, this is a Company with so much of capital resources at their disposal. This is a Company which is a Government-run Company and this Company finds it difficult to compete with private concerns, and also if this Company were to argue that

SHRI MANUBHA SHAH: If my hon. friend reads the further lines when he has got time—it is better to read the whole thing and not the first part only—he will find that the cess for the Government Company is 3½ annas per maund whereas for the private companies it is 2 annas. Again, small private companies and corporations are totally exempt from any cess.

SHRI ROHIT M. DAVE: I would like to develop point by point because the time at my disposal is very limited. The first question is that they have not been able to clear their stock. The second proposition is that they are finding it difficult for whatever reason to compete with private companies.

Now, as far as this Company is concerned, it has got a disadvantage, namely that it has got a good capital base and it is a governmental company. On the other hand, it is also said that they have to pay higher cess. It may be that the cess that they have to pay is higher, say, at the most 3½ annas per maund. Taking that fact also into consideration, would it not be correct to argue that because this Company has got a sort of large capital base, it is in a position to enjoy internal economy and perhaps more external economy which the other small firms, that are engaged in this particular trade, small co-operatives and small salt manufacturers, are not able to enjoy and that is why these small co-operatives are exempted from this particular cess?

[Shri Rohit M. Dave.]

The hon. Minister said that the small manufacturers are charged a cess of only 2 annas per maund. There seems to be some reason behind this. The reason is that these small co-operatives have got very limited share capital at their disposal and they are not able to enjoy any external economy. Similarly, even if it is a private concern, the private concern has got very limited resources at its disposal and is not in a position to enjoy the external economy that is involved in the manufacture of salt. That is why I say a higher cess is levied on this company whereas the rate of cess on other concerns is lower. Therefore, Sir, that is not an argument. This particular thing was there even when it was departmentally run.

SHRI MANUBHAI SHAH: When it was a department they had not to pay income-tax. As I said last week in this House, I am bringing forward a Bill before Parliament to reduce the cess from $3\frac{1}{2}$ annas to 2 annas. Previously, all the departmental expenditure was included in $3\frac{1}{2}$ annas. Now, they have to pay all this. It has been explained several times.

SHRI ROHIT M. DAVE: We should like to know why this particular cost structure of the manufacture of salt was not gone into in spite of the fact that nearly two years have passed. Supposing the income-tax had to be paid which the department had not to pay, this particular company has to run and compete with other units over there. They have to pay the income-tax and the cess. They have to bring in certain economy and ultimately produce salt which it can compete with other private firms and co-operative firms; otherwise, what is the use of floating this huge Company if this Company is not in a position to manage its own affairs? Why talk of transferring it to a company which comes under company management at all? This company management has been introduced to see that it is possible to manufacture salt at the rate which is competitive in the market, otherwise there was no sense in bringing this

Company into existence. Therefore, our question is simple, whether the Government have now realised that it was not desirable to bring this particular Company into existence at all, that the management by the department was better because they had not to pay income-tax, that it was possible for the department to carry on this particular company because with n $3\frac{1}{2}$ annas they were able to pay up all the Government dues. If they thought so, then that ought to be made clear before the House. If, on the other hand, they think that now this Company should run on sound lines, that this Company should have the competitive power developed, then we must know the steps which the Government propose to take in order that this Company is run on sound lines. What we are interested in is the sound working of this particular Company, the developing of the competitive powers of the Company, so that it can stand up in the market wherein there are co-operatives, wherein there are private manufacturers. What does the Government propose to do? Does Government propose to abolish all co-operatives? Does the Government propose to take away the salt industry from all private individuals? If they are not going to do it, this is the situation and it is in this situation that they have to determine their policy and find a way out whereby this Company may become a self-sufficient company, may be able to develop other lines which it is supposed to develop and ultimately may be able to bring in substantial sums to the general exchequer because this is the purpose of these public undertakings. If they are not able to contribute anything to the general exchequer and the general exchequer has to pay Rs. 50 lakhs and Rs. 1 crore for this particular Company, then there must be something wrong somewhere and that wrong should be righted immediately.

SHRI MANUBHAI SHAH: I am grateful to the hon. Member for bringing this annual Report of the Hindustan Salt Company before the House..

SHRI M. P. BHARGAVA: Mr. Deputy Chairman, one clarification I want. It will help matters. I would like to have some light, whether it is a fact that Rs. 27 lakhs was given by the Planning Commission for research work which I mentioned in my speech and whether any or the full amount has been utilised.

SHRI MANUBHAI SHAH: I am glad that this Report has come before the House because this has been a very complex issue as far as salt production in the country in the State of Rajasthan is concerned. As Shri Jai Narain Vyas pointed out rightly, there is a big historical background, that salt was the British monopoly before the country became independent. Since then, it is as a result of the report of the Estimates Committee in 1954 that the Government thought it better to convert the Salt Department which was dealing with salt into a company so that the company form of management could be more accountable to Parliament and also could be better run administratively, i.e., efficiently. Therefore, I am not going to take the time of the House in tracing the old history but only 2½ years back the Government decided to constitute the Hindustan Salt Company. Now, the lease deeds which a number of old States in Rajasthan had were so complicated that unless the full jungle of these complicated agreements between the previous princely States and the British Government on the one hand and the Rajasthan Government, as the repository of the previous princely Governments, were straightened out, it would be very difficult for a company, constituted under the Indian Companies Act, to really function. Therefore, we tried our best to negotiate all these aspects with the Rajasthan Government and I am glad to inform the House—and the House already knows it—that an arbitrator has been appointed in order to settle—just on the lines of the Federal Financial Agreement between the Part B States and the Government of India—and straighten out the terms of lease deeds which are very heavily weighing upon this new Company, as my friend Mr. Jaswant

Singh already pointed out rightly. A sum of Rs. 20 lakhs or so every year has to be borne, which no other private sector salt company either big or small, co-operative or anybody, in this country is paying for the manufacturing rights of salt in Rajasthan. Therefore, we are expecting the arbitrator's report, which both the Rajasthan Government and the Central Government have agreed to abide by, and as soon as that report comes, the permanent transfer of the manufacturing rights of salt and its by-products in Rajasthan to this Company and the Government of India will become a simpler matter.

Then the second aspect was that when the department was being run under the Central Excise Act, 3½ annas was the total cess to be levied by the Central Government on the departmental salt because the Government of India were spending about 1½ annas or round about that for the very wide establishment or personnel to run this Department of Salt. As soon as the Company was formed, the personnel was transferred. The heavy expenditure which previously the exchequer was bearing from the Consolidated Fund of India had now to be borne by the company for all the staff transferred on its register. Because it was an Act of Parliament and not an executive action of the Government, unless Parliament amends and brings it on a par with the public or private sector companies, the cess at 3½ annas per maund continued and here I must correct the impression of my friend, Mr. Dave, that the big-sized companies, as big as even the Hindustan Salt Company, do not pay more than 2 annas per maund as cess, whereas this Company, because it was not a company previously but a department and the expenditure of the department was sought to be recovered rightly by a higher cess, had to pay 3½ annas and therefore, there was a heavier burden. Firstly, all overheads and staff of the department which was transferred to the Hindustan Salt Company had to be paid from the coffers of the Company and over and above that income-tax,

[Shri Manubhai Shah.]

etc. Nobody worries about these burdens because all public sector companies, as the House is aware, are being put on the same level, in some cases with greater handicaps than private companies. Therefore, this company had never sought to secure any greater benefit than a parallel or similar type of private sector companies. I had informed the House here as well as the other House that we are very soon bringing forward a legislation and the Government have decided to amend the Act to bring all the companies including the Hindustan Salt Company to pay the same cess, that is, two annas per maund of salt for the Hindustan Salt Company like any other private sector salt company or others run even by Government in other parts of India.

The question that really arose was this, whether the company form of working had proved better than the departmental or not. I have always held that this type of autonomous or semi-autonomous companies are better than departmental working because, firstly it leads to a greater probe, it leads us to full knowledge and to the accountability to Parliament when such matters or reports come and when various debates take place here and we know what is happening and therefore, to apply the efficiency yardstick to all public sector projects. Thus I find, as Shri Jaswant Singh pointed out, that in spite of this extraordinary burden—number one, such a heavy payment to be paid to the Government of Rajasthan which is under discussion and negotiation and two, a heavier payment of cess of $3\frac{1}{2}$ annas and it must be remembered that it is on a commodity costing 12 annas or 13 annas a maund and $3\frac{1}{2}$ annas will come to 25 per cent. of the total cost as cess, that is $1\frac{1}{2}$ annas more than that of others, almost 10 or 15 per cent. more than what a comparative private producer pays. We are not worried about the concessions given to the co-operatives because that is a deliberate policy of the State that even against public

sector or private sector, the co-operatives will be given assistance. We are not worried about the small-scale producer units in Kharaghoda or Sambhar because again, that is the deliberate policy of Parliament, the Government and the country, to support the small-scale sector by this kind of differential excise. Therefore, they have been totally exempted, those who are producing from 10 acres and less. Therefore, on par, the Company has not only paid the depreciation fully, Rs. 2,67,000, but over and above that, after meeting all its interest charges and various commitments, under the Companies Act, it has produced a net profit of more than Rs. 4½ lakhs. Therefore, I am rather inclined to congratulate the Company that in the first six months of its working it has done this. And as Shri Jaswant Singh rightly pointed out, the second Report will also be soon ready and it will be before Parliament and that will definitely show some further development in its working.

The main aspect is the development of salt. Here I may remind the House that salt is one of the industries which can claim to have performed a saga of performance in the last ten years. If you see the report of a committee over which I had the privilege to preside, it will be seen that the country's production of salt in the last ten years has almost doubled. We were an importing country before India became independent and today we are exporting more than five lakh tons of salt, over and above fulfilling the requirements of the country of about 3.2 million tons. So far as Shri Bhargava's contention is concerned, if you take not only the Hindustan Salt Company but the entire salt industry, I can assure him that taking the performance of all the industries, there are very few industries in the country with all their phenomenal progress, or what the Prime Minister termed their electrifying developments, that can compare with the performance of the salt industry, for it has achieved really phenomenal progress. On the whole the salt targets which were also pitch-

ed high by us for the Company have been achieved. When the company was formed, I may tell the House in all confidence we pitched the target high and not only has the Company fulfilled the target, but they have gone beyond the target.

It is true that so far as Kharaghoda is concerned, it has been rather unfortunate that . . .

SHRI M. P. BHARGAVA: May I intervene for just a second? I have quoted from the figures in the report of the Ministry and these figures show that the production has gone down by 3 crores. Either the figures in the report are wrong or . . .

SHRI MANUBHAI SHAH: The Report itself says that it is only for six months and if you read a few lines further.

SHR. M. P. BHARGAVA: The figures I gave were also from the report of the Commerce and Industry Ministry for the year 1958 and 1959. For 1958 the figure is 11 crores and that for 1959 8 crores.

SHRI MANUBHAI SHAH: I do not know from which figures the hon. Member is quoting at different times. I can assure him that if he sees the total production he will see the position. I myself do not know what the hon. Member means. Does he mean to suggest that the overall production of salt in the country has gone down or in this particular region?

SHRI M. P. BHARGAVA: That is our contention about the Hindustan Salt Company.

SHRI MANUBHAI SHAH: The Hindustan Salt Company is what we are debating about, and instead of going into so many contradictory statements. I submit it would be better to follow what is printed here and I may quote it here again, lest he should quote something else, which may not be comparable, for one might not have included one particular project or one might have included it. Here we are

debating the annual Report of a company registered under the Companies Act and in one of their paragraphs it is clearly laid down that the figures they have given are for the past six months and immediately after that they say:

"The total quantity of salt produced at Sambhar from 1st January 1959 to 3rd August 1959 was 62 lakh maunds as against 58 lakh maunds which was the target."

Therefore, I submit, instead of having this type of controversial things, it is better to go by the aggregate performance during a specified period of time. It will not be correct to judge a company by taking out isolated periods or figures like that. I have requested the Chairman of the Board of Directors of this Company to alter even their annual year, if necessary, because this period from June to June, which is their previous year is not indicative of the total quantity of the new crop. Perhaps, we might alter the period to the calendar year or something else so as to relate to the entire production for the whole year, and not have to write something and then add a rider that it is from July to July or from August to August and so on. Anyway, that is a minor point. What I submit is that the target fixed by the Ministry was higher and that target has now been given in one column and against it the production for six months has been given. Therefore, that target has to be compared with that particular period for which the target has been mentioned. If that is taken into consideration by the House and by hon. Members, they will come to know the comparative performance of the Company.

The real object is to develop the by-products and the auxiliary products and the end products of the salt industry. There I am glad to inform the House that the Company has already prepared a scheme in consultation with German experts for the manufacture of washed salt

[Shri Manubhai Shah.]

through washeries and for producing sodium sulphate. That scheme is almost ready and as soon as the Company submits the final estimates to the Government, we shall also provide the necessary foreign exchange, because there are a few formalities of a technical nature about the equipment and plant which have to come from foreign countries into which the Chairman is going. As soon as the crystallised proposal comes to us, we shall make provision for the expansion of the Company. I can assure the House that this very laudable objective of producing the by-products of salt, particularly in Rajasthan and other areas, will be undertaken by Government very soon. I can also inform the House—Shri Jai Narain Vyas enquired about this matter—that the Rajasthan Government is doing this work in the public sector as far as Didwana is concerned. I wanted to clarify the position because many things were mentioned by hon. Members, soda ash, sodium carbonate and so many other things, and so the real issue was confused, especially about Glauber salt. The Glauber salt scheme at Didwana was being implemented by the Rajasthan Government and the necessary import licence has been obtained and the contract also has been signed by them for the import of plant and machinery for Rs. 9.5 lakhs and another lakh and a quarter is also being issued because they wanted some equipment and that plant will go into production very soon. That is most important as far as the Rajasthan State is concerned.

SHRI JAI NARAIN VYAS: Is that plant to be handled by the Rajasthan Government or by a private company?

SHRI MANUBHAI SHAH: There also there is difference of opinion, and since Jai Narainji was the Chief Minister there at one time, the controversy has been coming right from then. The Rajasthan Government did insist on it and we saw nothing wrong in accepting their contention, that a portion of the work should be allowed

to be done in the State sector, because there is no difference between the public sector being run by the State Government or the Central Government and they could as well manage the Didwana and other works in the State sector. Therefore, that decision was taken some two and a half years back that the Pachbhadra and Didwana works were to be handed over to them. We have so much more work to do now. In Madras State in Vedaranyam also we have work. It is mentioned in the Report. We may also produce salt in the eastern parts of India, at some places in West Bengal or in some parts of Assam or in Orissa, and also some parts of Mandi in Punjab. So, there is very wide scope for the Company and the Company as yet is only an infant some two years old. How can we expect that everything will be tied up? I can assure hon. Members that if the judgment is passed after three or four years, when all the loose ends are tied up, of this complex problem, there will be no cause to comment upon by perhaps some cause for gratification at the performance of the Company.

SHRI GOPI KRISHNA VIJAI-VARGIYA (Madhya Pradesh): The hon. Minister will say something about Kharaghoda?

SHRI MANUBHAI SHAH: Yes. As far as Kharaghoda is concerned, it is a rather peculiar case because such a big nicely developed co-operative movement had developed in that area. I was myself a Minister in that part of the country, i.e. on the Saurashtra-Gujarat side, in the beginning of 1948 and there the salt industry developed through the co-operative movement on a very very massive scale and from a production of 1.17 lakh tons, the production in that area rose to as much as 12 to 13 lakh tons or so and for that the co-operative societies were also responsible. They have a certain kind of advantage of weather and sea coast and therefore a small pocket of India has been producing such a huge quantity of salt and it

has become impossible to move all that salt easily from there to various parts of India and so sometimes Kharaghoda faces this difficulty. I will not blame the Railways either, because that part of the country has facilities for producing so much salt, but at the same time it is not easy to move all that product from that concentrated area. The same is the case with coal and with that also there is this slight difficulty.

AN HON. MEMBER: Not slight.

Shri MANUBHAI SHAH: Those are problems which come along in a massive and fast development and we are very well aware of them. This time the Chairman went to Kharaghoda very recently and he was pleased to inform me that he is finding that the movements are getting better and maybe this year they may not have to cut down any production and they may even increase it. I am not forecasting, but as a matter of fact, all the labour there are now satisfied that the Government salt works pay about 1½ annas or 2 annas per maund for wages higher than the private salt works round about the same area, the small-sized ones and these in the co-operative sector. And they have produced more with all these handicaps. Therefore, what I submit is that this point of producing the by-products is engaging our active attention.

Then there is the question of soda ash and caustic soda. Nobody is keener than Shri Sukhadia himself about this and he has been working very hard on this. But this requires a lot of water and in a place like Rajasthan it is difficult to find such large quantities of water that are required for heavy chemical industries, and also a large quantum of power. So, he has, in consultation with the Central Government, been working on a project for producing 200 tons of soda ash per day and about 50 tons per day of caustic soda. There again, what will be the agency to implement will be decided later on,

whether it should be the public sector or the State sector or a joint sector or the private sector or some other agency. That could be decided at the appropriate stage. It is certain that salt production in Rajasthan requires a bigger industrial development than for merely using it for edible purposes or even for selling to other States as industrial salt. Our objective is to consume through salt-based industries in the State of Rajasthan some of the salt produced in that State. Now, that report will take some time to come. In Sambhar, as everyone knows, the difficulty is about water. Taking power from Chambal is also going to create some difficulty.

SHRI JAI NARAIN VYAS: It was decided long ago that water should be taken from a bund near Dudu by a pipe to Sambhar. I do not know why this project has been rejected.

SHRI MANUBHAI SHAH: It has not been rejected. This is also under consideration but the water required for a soda ash plant and a caustic soda plant runs into millions of gallons and the discharge of water also creates a problem. All these are highly technical problems which require solutions and when there are so many places in the country where soda ash is produced in a much more economic and cheaper way, the most difficult places cannot always get the earliest and higher priority but the objective does remain to see that more and more salt is produced in the Hindustan Salt Company, that efforts are made to put salt to more and more profitable use for further development of salt-based industry. That objective is being worked out.

The other question is about the valuation of these assets. Even now, after 1½ years, it has been found extremely difficult to go into all records. All these look very simple but when it comes to going into the books and when it is a question of accountability to Parliament and the Public Accounts Committee, these things have got to be gone into care-

fully and I am quite sure that that part of the question would also be settled soon.

My hon. friend, Shri Bhargava, also raised the question of the planning committee. This is an old story. After that, a big Development Council has been formed. The Company consists of most of the members of the planning committee. Dr. Kane who was the chairman of planning committee was the Chairman of the Board of Directors for the first 1½ years and now Shri Ratnam is the Chairman. Dr. Kane continues to be there. We have entrusted this to the Development Council on Heavy Chemicals, and Government is paying much greater attention than what a small committee could have done.

Then came the question of the Central Salt Board. It is true that this matter is taking some time. There are many legal aspects to be considered. The question of making cess uniform for putting all manufacturers on a par is also coming up. The various other recommendations of that committee have already been implemented.

The only question that now remains to be settled is the reorganisation of the Salt Department. It is our view in the Government that the stage has now come when the Salt Commissioner with all the paraphernalia need not exist and, therefore, the special Reorganisation Unit of the Economy Division of the Ministry of Finance has been requested by us to go into this aspect and we believe that a good economy could be effected by the staff being sent to other more productive work rather than be asked to do avoidable administrative work and be an unnecessary burden on the exchequer.

It is not as if I was trying not to answer any question of the hon. Member. He said that I had promised to lay a statement in the belief that he would keep quiet. He is free and every Member is free to ask as many

questions as they like and it will be my privilege to answer them. This is not a matter where delay has been caused due to neglect but there has been delay because we want to have a proper scientific investigation as to what further economies could be effected in this Department so that the nation may save whatever is possible to save.

I think I have covered almost all the points which the hon. Members raised. I can assure them that when the future reports, the second and the third, are before the House, there will be some more progress to record. I want the Members and the House to remember that apart from the Company which produces only a very small fraction of the entire quantity of salt, this industry has made phenomenal progress which affects the entire chemical industry of this country like the manufacture of caustic soda, chlorine, soda ash, heavy soda ash, light soda ash, sodium carbonate and various other things. All these depend upon the progress of the salt industry and this requires the support, blessing and understanding of Members.

SHRI M. P. BHARGAVA: The last question which I put has not been replied to. I would like to have some light on that, that is, whether it is a fact that Rs. 27 lakhs was given by the Planning Commission during the Second Plan period for the establishment of a research institute at Sambhar and whether any part of that money or the full amount has been utilised for that purpose?

SHRI MANUBHAI SHAH: As far as I am aware, the Council of Scientific and Industrial Research has only one institute which is already functioning. Even that is not running on a full-fledged basis at Bhavnagar. The provision for this comes under another Ministry, the Ministry of Scientific Research and Cultural Affairs. Even this institute is finding difficulties; the Director's post had to be reduced to

that of Assistant Director and Mr. Kappana is there. So, I do not know whether another full-fledged institute could be provided for, but it is our intention that we should establish branches for specific purposes, to meet specific requirements; there is the question of bitters in Sambhar; there is the question of washeries in Didwana. There are various other problems like the swamp in Vedaranyam. So, all these places may need branches and, of course, there is already the institute at Bhavnagar.

SHRI M. P. BHARGAVA: Mr. Deputy Chairman, I am very thankful to the various Members who took part in this debate. I am especially thankful to the hon. Minister for the light which he has thrown on the various points raised by me. He has removed some of my doubts also. I welcome his announcement that an arbitrator has been appointed to arbitrate into the lease terms of the salt companies and that the report of the arbitrator is awaited. As soon as that is received, a major hurdle before the Hindustan Salt Company would be removed. This is a very welcome feature.

Then there was the question of the cess, to which reference was made not by me but by others, that is, the difference in the rate payable by private manufacturers and the Hindustan Salt Company. I am again happy to note from the hon. Minister's speech that the cess has been made uniform and that everybody will pay two annas per maund instead of the old differential rate of 3½ annas for the Hindustan Salt Company and two annas in the case of others.

The third announcement of the Minister was regarding the report of

the German firm about the manufacture of by-products on which I laid great emphasis. I note what he has said about the constitution of the Central Salt Board, and I admit that some of my doubts have been cleared.

Now, a word about Mr. Jaswant Singh. He said that it was not the fault of the Hindustan Salt Company because they have had time to work only for six months. Now, the Board of Directors had fourteen months for thinking over the various problems and making out plans and putting them into operation. It was not a question of six months only. I understand that in the Board meetings, several proposals were brought forward but were not accepted by them. They may have had their own difficulty. As the hon. Minister has been pleased to tell us, I do hope that all the hurdles before the Hindustan Salt Company would be removed shortly and that this Company would flourish like all public sector industries. I am one of those who want public sector industries to flourish and I want them to be properly managed. If they are properly managed and if all the hurdles are removed, I have no doubt that in future we may have to offer bouquets and not criticisms. I am looking forward to the second Report of the Company which should come in a few months' time and, if necessary, we can have a second discussion at that time.

MR. DEPUTY CHAIRMAN: There is no further business. The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at fifty minutes past four of the clock till eleven of the clock on Tuesday, the 28th February, 1961.