THE INDUSTRIES (DEVELOPMENT AND REGULATION) AMENDMENT BILL, 1956

THE MINISTER FOR HEAVY INDUSTRIES (SHRI MANUBHAI SHAH) : Mr Deputy Chairman, I beg to move:

"That the Bill further to amend the Industries (Development and Regulation) Act, 1951, as passed by the Lok Sabha, be taken into consideration."

As Members of this House are aware, the Industries (Development and Regulation) Act was enacted in 1951. The object of that measure was to bring within the jurisdiction of the Union Government certain industries of all-India importance and to provide a machinery by which these industries could be developed and regulated in conformity with the National Plans. This Act actually came into force in May 1952. In 1953, certain amendments were made to this Act mainly for the purpose of removing certain practical difficulties that had come to light in the working of the measure and for the inclusion of certain additional industries in the First Schedule to the Act, *viz.,* artificial silk, dyestuffs, soap, plywood and ferro-manganese.

Hon. Members of this House might remember that when the Industries (Development and Regulation) Act was originally enacted in 1951 some apprehensions were entertained and expressed in some quarters that this measure might interfere unduly with the working of industries and might even retard the progress and growth of the industrial development in the country. This measure has now worked for over four years and we are in a position to take stock of the situation and, if I may say so, the way in which this Act has been working during this period goes to show that the original apprehensions were largely unfounded. In fact there has of late been a demand from the public that the scope of the Act should be 1 enlarged with a view to including i therein some more industries. As a matter of fact, Sir, more and more requests are pouring in from the industries themselves that some of them may be brought within the purview of the Act.

Before coming to the subject matter of the Bill before the House I might mention briefly some of the salient facts about the working of this measure during the last four years.

As laid down in section 5 of this Act, a Central Advisory Council of Industries has been established consisting of representatives of industry, labour, consumers and primary producers pertaining to the scheduled industries. This body has held seven meetings so far and advised Government on various problems relating to the scheduled industries and the working of the Industries Act. Sir, with your permission I take this opportunity of extending my grateful thanks to the members of this Council for the very valuable advice that they have been offering to the Government from time to time.

Another aspect of this measure is the constitution of Development Councils. We have so far set up ten Development Councils for the undermentioned industries :

Heavy Chemicals (Acids and Fertilisers).

Heavy Chemicals (Alkalis).

Internal Combustion Engines and Power Driven Pumps.

Bicycles.

Sugar.

Heavy Electrical Industries.

Light Electrical Industries.

Art Silk Textiles.

Woolen Textiles.

Pharmaceutical and Drugs.

I may also inform the hon. Members that we are contemplating to establish

the eleventh Development Council for the development of non-ferrous metals. Several of these Councils are doing very useful work for the development of the Industries with which they are concerned.

The provisions of the Industries Act relating to the grant of registration for existing undertakings and licences for new ventures have been working very smoothly. Over 3,000 industrial undertakings pertaining to the scheduled industries have been registered under the Act and about 1,400 licences have been issued for the establishment of new industrial undertakings, substantial expansions and manufacture of new articles which were hitherto not manufactured in the country. A Licensing Committee has been set up for the examination of the applications received for this purpose. This Committee acts as the main instrument of the Government's industrial policy and tries to secure a planned development of industries according to the Government's policy.

As the House is aware, the Central Advisory Council of Industries has set up a sub-committee to review the working of the Licensing Committee from time to time. First the application comes to the Licensing Committee on which sit the representatives of the different State Governments, of the different Ministries, of the Planning Commission, and officers of this Ministry. That application is considered from all aspects of resources— raw materials, capacity of the entrepreneur to undertake that industry ' and various other factors connected with that. Then, when the licence is issued or rejected, the party, if necessary, appeals to the Minister concerned for review of any decision of the Licensing Committee, and that decision becomes final. Over and above that, this reviewing committee set up by the Central Advisory Council which is an integral part of the Statute reviews whether the rejection or acceptance is fair or not, and. Sir, I can assure the House that every time we have taken into consideration the observations of the reviewing committee for or against any of the applications which have been rejected or accepted. This committee which is presided over by hon. Pandit Hriday Nath Kunzru, has so far held four meetings and reviewed the work of the Licensing Committee. I am happy to inform this House that at the last meeting of the sub-committee the members have expressed appreciation of the thorough and prompt manner in which the Licensing Committee has generally dealt with applications.

4 p. M.

Coming to the subject of the Bill before us, you will observe that the Act as it stands now applies to 42 industries which are listed in the First Schedule. As I have stated, there has been a demand from the public that the scope of the Act should be extended so as to include a number of other important industries. It has been pointed out that (certain industries which are closely related to those already included in the Schedule do not find a place in the Schedule. For example, while rayon is included, staple fibre, which is a related item, does not rind a place: while ferro-manganese finds a place, the other ferrow-alloys like ferro-chrome and ferro-silicon are not included; while paper is included, the related items of wood pulp and chemical pulp do not find a place; while heavy chemicals are included, fine chemicals and photographic chemicals are not included. We now propose to supply these obvious omissions. There are also a number of other industries of considerable importance like the manufacture of television sets, teleprinters. X-ray equipment, plastic moulding materials, synthetic rubber, photographic film etc., which have acquired considerable .importance in the present stage of the country's development. Manufacture in some has already started.

The Bill which is now before the Sabha seeks to add some 34 industries to the First Schedule of the

[Shri Manubhai Shah.] Industries Act. The Central Advisory Council of Industries has considered this question and it is the policy of the Government to place all the proposals emanating from the members of the Committee or outside or Government before this Council and this new inclusion has received the approval of the Committee at their last meeting.

Sir, as Members would have noticed, the present arrangement of the items in the First Schedule is not quite satisfactory. We are, therefore, taking this opportunity of arranging these items in a scientific and rational manner. As Hon. Members must have observed, we have categorised the different industries. Because they are put in like this, it does not mean that one is more important and other is less important but the category has been more scientific and rational.

A few minor difficulties have been brought to light in the working of this Act and the Bill seeks to make a few amendments for removing these difficulties. Let me briefly mention some of them.

As regards the amendment in clause 2, I may explain. Sir. that clause (b) of sub-section (1) of Section 13 of the Act at present applies only to cases where registration is revoked on the ground that it had been obtained by misrepresentation as to an essential fact. There is now no provision in the Act for the licensing of those undertakings whose registration has been revoked for other reasons than the one
1 mentioned, *e.g.,* on account of clo sure, discontinuance of production of articles falling within the scope of the Act and other related matters. We are now making some minor amend ments in Section 13 (1) (b) which would permit certain undertakings to recommence production and business after securing a proper licence. This is more in the nature of the regularisation of an obvious defect.

The second amendment to clause
2 covers licensed undertakings which seek to effect a substantial expansion. Section 13 (1) (d) now provides for licensing of substantial expansions of industrial undertakings which have been registered. There is, however, no provision at present for the licensing of substantial expansions of licensed undertaking. This amendment provides for the licensing of such substantial expansions.

The amendment to clause 5 provides for the licensing of undertakings which, by reason of an exemption order granted under Section 29-B of the Act, do not require to be registered or licensed under the Act. The House will see that under that Section, the Government has power to exempt certain of the industries, even though they are in the Schedule. Naturally, under such exemption they will not be required to take a licence. But this amendment will now enable them to register and take a licence under the Act at the time of the commencement of the Act or at the time of the establishment or when they commence manufacturing or producing new articles or when they seek to effect substantial expansions as the case may be. Suitable provisions arc now introduced in clause 5 under which industrial undertakings which were subject to the exemption order can be licensed when the exemption is withdrawn. When the Government thinks that a particular exemption is no more tenable and is unnecessary and when the exemption is withdrawn, this amendment will empower the Government to give them a licence.

The amendments to clauses 3, 4 and 6 are only consequential.

While moving this Bill, I take this opportunity to say that the licensing of industries under this Act has sometimes met with some criticism from some quarters. *I* may draw the attention of the House to the Report of the Reviewing Committee of the Central Advisory Council just mentioned, appointed under the chairmanship of hon. Pandit H. N. Kunzru. The Committee, after going into the

licences issued and the applications pending, has, to say the least, highly commended the speed with which the Licensing Committee has worked. Sir, I do hope that hon. Members will appreciate that this is not mere rubber-stamping. It is not that whenever any application comes, the Committee has to simply okay it and pass it on to the entrepreneur. It has got to review the entire position and naturally it will take some time to enable applications for development of industries in different regions of this country to be passed. That does not mean that there is no scope for any improvement. I can assure the House that further action is being taken and care is exercised to see that the speed of licensing, looking into the various applications, obtaining the information required under the Act and the expeditious disposal of all applications are continuously increased and improvements to whatever extent possible are being effected. There is much improvement during the last six months, as I would try to indicate from the figures available. The number of pending applications which was about 490 in the month of April has now been reduced to 172 barring those applications for textiles or rolling mills which came in recently due to the new policy. Perhaps by the end of this month we hope that the number will be only 49 or 50 pending. Hon. Members will see that in *such a big country where so many applications are coming forward, the number of nending applications is not substantially big. The number of licences issued every month also, from an average of 22 some months back is reaching the figure of 80 to 100 per month. All this goes to show that this Act, about which several apprehensions were being entertained in several quarters, has worked for the promotion of industries and in no case—perhaps, there may be exceptionally few cases—has it worked to the detriment or retardation of the industrial development of this country.

Observations have also been made in several quarters as to the place which the several industries find under the Industrial Policy Statement enunciated recently—on 30th April 1956—by the Prime Minister and a copy of which was laid on the Table of the House. It is true that in a developmental economy like ours where the country and the State are wedded to the socialistic pattern of society, the relative roles of the public sector and the private sector should be clearly understood both by the industries and by the public at large. That is most essential. As a matter of fact, it has now been gradually accepted and 1 am glad to say that a climate in the country has been generated whereby the role that the public sector has to exercise in the field of industrial development is being fully appreciated and realised. In a country so underdeveloped in the industrial field as ours where the missing links in industrial development and production are many, the State has got to move and that too at a very fast speed in the public sector and to set up industries which are vital to the growth of the nation and those industries which are of national and strategic importance. And we have got to fully help in industrial production as far as possible through the State moving in I that sector.

Apart from those industries which I 1 just mentioned, there is ample scope j and that too of a healthy nature, for the private sector and we can rest assured that there will be a regular development as a result of the working of this Act. Thus, it is sought to i create a sort of integrated and coordinated development between j industries which are vitally considered necessary to be set up by the Government, and that too, without loss of time and such industries as can very I well be looked after in a country so big as ours by the several industrialists and entrepreneurs. In the different fields of industry these industries may also grow, not in a slipshod manner, but in a planned and j regulated manner so as to give the maximum benefit to the industrial development, to the com-

[Shri Manubhai Shah.] munity, and to the industries in general. With these preliminary observations and the assurance that the Government looks upon the enlargement of the Schedule to the Act, not as the basic year—the production of coercive steps by restricting its field of action, but as a promotional establishment of industries, I think the . House will be satisfied.

Then, Sir, if I might take some more time of the House, I would like to place certain relevant figures before the House. The House will also appreciate that as a result of the working of this Act, not only the development has been facilitated, but the production also has increased considerably. I would like to give a few relative figures with regard to certain important industries in this country.

If you take the figures of 1949 as indicative of the development of industries at that stage—let it be taken as the basic year—the production of sulphuric acid in 1949 was 99.450 tons. in IVD2 when the Act came into force, the production had slightly declined to 96,080 tons due to certain circumstances. In 1955 i.e., after a few years of the working of the Act, the production rose to 1,66,200 tons. It shows that in the three years after the coming into force of the Act and subsequently the production has gone up. Perhaps it will touch the figure of 2 lakh tons during the current year. Then, Sir the production of caustic soda, one of the other basically important chemicals in this country, was about 6.300 tons in 1948-49. It rose to about 17,000 tons in 1952, and to about.34,000 tons in 1955. That comes to about six times the production in 1949. Then, Sir, in respect of soda ash, which is one of the basic industries in this country, the production in 1949 was about 17 thousand tons which rose to about 77 thousand tons in 1955. And very soon it might touch the figure of about 1 lakh tons. The production of power alcohol in 1949 was 42 lakh gallons. in 1952 it was 77 lakh gallons, and in 1955 it rose to 104 lakh gallons. Same is the case with cement, the production of which was 2 1 million tons in 1952. It came to 3-5 million tons in 1955, and it rose to 5:7 million tons or perhaps 6 million tons during the current year. The production of liquid chlorine in 1949 was 2,650 tons. It lose to 6,240 tons in 1952, and in 1955 it was 11,580 tons. And it might reach the figure of 12,000 tons during the current year. The hon. Members will also please note that the production of sheet glass was 34 lakh square feet in 1949. It rose to about 90 lakh square feet in 1952 and to 388 lakh square feet in 1955. And by the end of the current year it might even go up to 400 lakh square feet. Then, Sir, the production of viscose which was practically nil in 1949 rose from about 3,500 tons, in 1952 to about 12,500 tons in 1955. It might still go up during the current year. Then, Sir, similar is the case with regard to paper and paper boards. The production of paper and paper boards in 1948 was 98,000 tons; in 1952 it was 1,38,000 tons and it rose to 1,90,000 tons in the current year. We are more or less meeting 80 per cent, of our requirements from our own production.

In the case of textiles, the same is the phenomenon, though not of the same remarkable nature, as the textile • industry was already well-established. Even there the production in 1948 was 4.318 million yards and it rose to 4,598 million yards in 1952, and today it stands at about 5,200 million yards. In August and September this year, we have reached the record production of 478 million yards per month, *i.e.,* the rate of 5,736 million yards per year, and that will continue to increase every month, thanks to the activity of the industry as well as the care exercised by the Government.

With regard to diesel engines, the production rose from 1,020 in 1948 to 4,248 in 1952, and to 10,044 in 1955, The figure has touched about 11,000 during the current year. The

production of electric fans has shown a remarkable increase from 1,96,000 in 1952 to about 3,50,000 during the current year. Similar is the case with cycles. The production of cycles in 1948 was only 55,000. It went up to 1,97,000 in 1952 and rose up to over 5,50,000 in the current year. In 1948, machine tools were produced of the value of Rs. 54 lakhs and went down to Rs. 44 lakhs. The figure now stands at about Rs. 80 lakhs, and perhaps the production may reach the figure of Rs. 1 crore or so by the end of the current year.

1 am not going into any more industries, because this is practically the story with regard to all the industries. The purpose of this amendment is to enlarge its scope. I hope that the Bill will be welcomed by all sections of the House. I would like to assure hon. Members that any con- $_t$ crete suggestions that they may offer in this regard would be properly looked into by the Government.

With these words, Sir, I commend the Bill for* acceptance by the House.

MR. DEPUTY CHAIRMAN: Motion moved :

> "That the Bill further to amend the Industries (Development and Regulation) Act, 1951, as passed by the Lok Sabha, be taken into consideration."

SHRI BHUPESH GUPTA (West Bengal): Mr. Deputy Chairman, 1 would like to make a few observations on this particular amending Bill. I find that the hon. Minister has given us an account of the production in the various industries. Not that these are unimportant, but we know all about them, and we get some of these figures from the various Reports prepared by the Ministries as well as from the Second Five Yer Plan and the various progress reports. What 1 expected from the hon. Minister in I this House in connection with this motion was as to how the industries | in our country had been regulated i consistent with the declared policies j of the Government. We have now got the picture before us. However hazy it may be, nonetheless, it is a picture. The Government have set before themselves the idea of a socialistic pattern of society. Then, Sir, we have got in the Second Five Year Plan, certain declared aims of rapid industrialisation where it has been stated that the emphasis would be placed on the public sector. I am not, of course, going into the old story as to how the Plan-frame had been whittled down in regard to the public sector in favour of the private sector. But I rely on the final document, namely, the Second Five Year Plan which promises certain developments, in the public sector.

Now, Sir, I know that this Plan has just started, and it is perhaps too. early for us to say anything about it. But we have before us the experiences of the First Five Year Plan. Sir, we had been told that due importance would be attached, not merely in words, but by practical steps, to the public sector. I think in this connection it was the duty of the hon. Minister to have explained to this House as to the steps that had been taken with a view to bringing about the kind of reorientation in favour of the public sector which was promised in their numerous statements. But I find that that is completely missing from his speech, except that a pious, wish has been expressed with regard to this particular sector of our industry.

Previously we had under the purview of this Act about 42 industries; now the list has lengthened and a number of industries will be added, 1 concede that when we are having a planned economy, when we are thinking in terms of rapid development of industries, of rapid industrialisation, it is necessary for the Government to-come into the picture more and more and assume the necessary control and direction of industries. I am not opposed to it at all. On the contrary, I would like them to vigorously act in this matter, but that is not enough. We must examine as to whether the

[Shri Bhupesh Gupta.]

direction, regulation or whatever you call it, is on the right lines; how it has worked. We have got such general statements from the Ministers that they do not throw much light for us, laymen on the matter. I wish that, when such measures are brought before the House, a kind of white paper or whatever you call it—note or memorandum—is circulated among the Members. You do not expect that we, laymen, in this House, would easily understand these things until and unless we have some opportunities of studying the relevant data and the materials on the subject. We have been denied those opportunities and I regret that we have been so denied. I know that in this respect hon. Members who come from big business or the business world would be in a somewhat advantageous position because they are familiar with the working of this Act in a way which would entitle them and perhaps enable them to speak much more effectively on the subject than we can. We suffer from certain positive disadvantages in the matter and I am afraid that for that I will have to hold the Government responsible.

Now, let us see how this has worked. I know that when this measure was first brought before the House, several years ago, there was much opposition to it, which came not from the public but from certain business interests. They did not like any kind of Government interference in "industry. They believed in a kind of *laissez jaire* in this matter and they thought that, if the Government came into the picture, their interests would suffer. By their interests, 1 mean the interest of making profit. Naturally they were openly hostile to these kinds of powers for the Government, but that was not the view of the country. I think that by and large public opinion was in favour of Government controlling industries, not the type of control that we had at the time of the war but a type of control which sets before itself certain objectives, and as the objectives became clearer and clearer, as the Government pronounced itself more and more in favour of industrialisation in the country, public opinion strongly veered round to that particular point of view of the Government in this matter, *viz.,* that Government should, have control over our industries. But it is the Government which has not lived up to its promises, and 1 think that in some respects they have let the people down and the expectations of the people have been belied.

Now, take for instance, the period between 1951 when the measure was first adopted and now. What do we see? We do not have campact figures for the entire period. We have got only certain figures with regard to this matter. 1 would refer only to the progress reports on the First Five Year Plan. There, you will see that Government had not taken any very effective steps for the development of the public sector. It is true that certain steel mills got going under the First Five Year Plan and more will be started under the Second, but if you look at the picture, you will find that the public sector was considered to be a secondary matter. It was the private sector which got all the attention and assistance of the Government. I am not at all suggesting that nothing was started in the public sector. I am not at all suggesting that Government was totally unmindful of the public sector. What 1 am saying is that, when the Government entered into the picture, it did not give to the public sector the attention that it deserved. On the contrary, it got more or less tied down to the consideration of the private sector, and it was the private sector which flourished under that period as compared to the public sector. I think that the hon. Minister in this connection owes us an explanation not only as to why such a thing happened but as to what steps he is going to take with a view to changing the pattern of such development. I know what is stated in the Second Plan, but I would like to know from him as to what concrete measures Government is going to take with a view to giv-

ing our economic development a direction along the lines of the public sector. That is something which, I hope, the hon. Minister would explain when he again speaks.

Then, Sir, under the private sector which got all the assistance from the Government, there was not much regard for priorities. Naturally, when our resources are limited, when there JS a lot of difficulty with regard to foreign exchange, priorities have got to be given. Here again, you will find that Government regulation and direction did not pay much heed to this particular factor. In an underdeveloped economy, when we are trying to build up from the boot lace upward, there should be priorities. I would like the hon. Minister to tell us as to whether they have followed a consistent policy of priorities in the matter of capital issues for industries, in the matter of location of industries, in the matter of permitting investments or facilities for export credit from abroad. It is something which the hon. Minister ought to explain to the House. As far as we can make out as laymen from the reports that reach us from Government circles, it appears that, instead of evolving a policy of priorities on the basis of the requirements of national reconstruction they sometimes gave priority to those who had very great pull with the Government, who were in a position to bring out cash for such industries, whether such industries were secondary or not. You will find that the reports of the Reserve Bank of India make it very clear as far as foreign investment is concerned; that report covers the period from 1948 to 1953 December, part of which falls within the period of the operation of this Act. There you will find that as far as foreign investment is concerned, gross investment was of the order of Rs. 180 crores and net foreign investment was of the order of Rs. 131 crores. Out of that, I think a lot of investment was made in secondary industries. Naturally such an investment could not have taken place, had the Government not given the necessary permission for such investment. In some cases there was re-investment in existing industries and in other cases permission was given to start certain industries which were of a secondary nature, which could easily wait till we had built up the foundations of our economy. Now, I know I will be told that since they had the money and since they wanted to invest this money, the Government thought it advisable to let them invest on the basis that any investment would do good. I am 'opposed to this kind of approach in this matter, the reason being that it is not a question of just producing certain cash. There are, I think, a couple of multi-millionaires behind the hon. Minister who can produce crores and crores of rupees if you like, and if they ask you that they want to start certain industries, will you give them permission? You would not. Now, what does it mean? It means that we expend our foreign exchange resources for secondary purposes. As you know, our foreign exchange resources are very very limited.

You know very well how much Mr. Krishnamachari is wooing the World Bank President for getting some foreign exchange resources. It is a disgraceful way in which he has been behaving .....

(Interruptions)

SHRI MANUBHAI SHAH: May I draw the attention of the hon. Member that regarding foreign capital there is a clear statement of the Prime Minister made on the 19th April 1949 and that governs the entire policy of industrial development as far as foreign capital is concerned.

SHRI BHUPESH GUPTA: The hon. Minister is a new-comer to the Cabinet. If he had been longer with the Prime Minister, he would have known that the Prime Minister does change his views rather frequently ...

(Interruption)

lf›you quote the Prime Minister 1 am habituated to quoting him. I can

[Shri Bhupesh Gupta.] also do it and contradictory statements on such matters would be easily available to me. Therefore you are not on *terra firma* on this matter when you quote him. All that I am concerned with at the moment is the second Five Year Plan and the new approach that we have got. My criticisms about your point is only to enlighten you for the future. I know that the mistakes that have been made cannot be easily undone. If you could draw the correct lessons, probably you will be on right lines.

Mr. Deputy Chairman, leaving aside this digression, all that I want to say is, whatever policy may have been laid down, that those who have operated this particular Act did not pay heed to the national requirements. On the contrary they allowed themselves to be guided in a large measure by the interests of monopolists and capitalists and by the interests of certain big industrial houses, by the interests of some big business-men in the country who have got a powerful pull on the administration of our land. This is what I want to say. I would be very happy to see that this charge is rebutted not by assertions but by facts, but the moment I look at the various documents, relevant documents or connected documents like the report of the Industrial Finance Corporation, like the progress report on the second Five Year Plan, where you find* a lot of money is' being spent, a lot of concessions being given to private sector whereas the public sector gets neglected, I am forced to this conclusion that the Government bias so far has been dominantly in favour of the private sector to the detriment of the public sector, which has defeated some of the objectives with which the measure was drafted in 1951.

Now as I was elaborating that point about this foreign investment in this •country, you see the Reserve Bank Bulletin. This document is there and I think it is a sufficiently dependable document. You will find that 70 to 75 crores of rupees had been under new investment or so. There you I will And that most of these things had gone into lines which are not of primary importance. Tea is there, and some kind of manufacture is there which are of secondary importance. The British concerns and the foreign concerns with the permission, sanction and encouragement of the Government invested the cash of the country and we lost thereby. Certainly you can tell me here in this House that production has gone up. How? I don't feel at all enthused if you tell me that production of, shall I say, some kind of luxury goods or perfumes or some such things has gone up in this connection. I should like to know how the vital sector in our industry has developed. How the industries which produce for us the essential goods that are required for daily consumption of the common masses have progressed? This is all that I would like to know in this connection. Therefore the production figure is misleading in some ways.

Now what I say in this connection is that the permission or sanctions that have been given were not wisely given and the result was that the capital resources of the country were frittered away for developments that could easily wait/That is my point.

My second point here in this connection is that our foreign exchange resources were drawn upon not for developing the industries that are of primary importance, that are of basic importance for laying the foundations of our economy but for industries which only yield profit and that profit goes to certain sections of monopolies. I say that the Government should answer this charge. I am not making this charge here. This charge is made in the public press and in a number of economic journals and many professors or economists and other writers on the subject and many others interested in this field have come out with this charge against the Government and the Government has not cared to answer these charges. I don't know if they cared to rectify the position sufficiently in order to say that things will be well in the com-

ing months or years. In this connection 1 would like to mention the case of Dunlop Rubber Company. As you know, it has a monopoly in the country. Why are you feeding the Dunlop Rubber Company ? They get all the permission they require from you. You have allowed that particular company to expand the industry and it is making expansions and all that and I think in this case the Government backing of that particular industry is not at all justified.

Then when they deal with the applications and alLthat I would like to know on what basis they are dealing with the applications. They may say that there is a Committee which looks into it but I. would still like to know it from the Government. As you know, in our country it is essential that small and medium industries should get all possible encouragement. We are very backward in this matter and we cannot progress very fast unless and until all the available resources are mobilised and I know that the big industry is very powerful and it has got the capacity to develop quickly in certain fields but then there are many States which are backward in India where you don't have the concentration of big money as you have in Calcutta, in Bombay or in Kanpur but in those States you have got industries of small and medium industrialists who have very little resources but who can give a good account of themselves if the Government backing was forthcoming. Now 1 would like to know how their applications have been treated and how they have been encouraged in developing industries. My fear is this that the Government bias is in favour of big industries with the result that the smaller applicants or the smaller fries from the States who seek the Government permission and all that assistance and encouragement of the Government don't always get a fair deal from them. That has been their complaint and I think there is anuch in that complaint which requires the serious attention • of the Government.

This particular measure has not been used with a view to remedying the longstanding grievances of these people who are not well-used in the field of industry compared to the titans who sit there.

About the question of public sector, again 1 don't think that you can really direct the industries today effectively unless and until you increase your promotional activities so to say in the public sector. Now somehow or other the public sector has not been provided with the necessary resources, initiative or incentive. We know all this thing. But you cannot today give a proper direction to the industrialisation of the country merely by passing legislations here or by assuming certain powers of regulation in your part. What is essential for you is to see that the public sector develops and the powers that you get should be concentrated on that particular focal point, namely, the development of the public sector in our economy. The public sector means that you are in a commanding position in various sectors of our economy to direct even the private sector and influence them.

Some days ago "or some months ago, in the other House the Prime Minister was talking about strategic heights in the industry. It is a very good expression 'strategic heights m industry' but I would like to know from the strategists of the Industry Ministry as to how much or how many positions they have taken in this matter ? How many heights they are controlling ? On the contrary, 1 find from the look of things, as I see them, that the strategic positions in the industry are held by some of the big industrial houses in our country and the Government is somehow or other hovering round them with a view to exploitation at some future date. Now, this is the Government position. Have you taken,* by using this measure, certain effective decisions in certain fields of industry? How can you do it ? You can do it in two ways. Discourage some of the [1] monopolists, especially those who arc

[Shri Bhupesh Gupta.] in industries of secondary importance. Discourage them; do not try to feed them, do not encourage the Industrial Finance Corporation to give loans to them and do not give them tax concessions or development rebates. Regulate them but do not give new licences to them. Do not give new capital to them; starve them a little because they can afford starving a little. They are much too fat. If you do this, you will thereby on the one hand weaken this element which operates not for the development of industries of our country as we understand it but for earning profits and increasing its own revenues and, on the other, this, will enable you to mobilise the resources for investment in certain well directed channels for the development of such industries whether in the public sector or in the private sector which are of utmost importance for the reconstruction of our economy as a whole. I would, Mr. Deputy Chairman, view it as a sort of an integrated policy and not something which should be viewed in an isolated manner. I would like to know from the hon. Minister as to what step they are taking in that direction. You go on pampering the gentlement in the big business, in the private sector, so that the public sector goes on starving all the time. You cannot have it both ways. I agree that the private sector must be also developed but what is more important is to mobilise the resources from the top men in the private sector in order to feed your public sector which needs nursing and nourishment at the initial stages very much more than they need your help. This is the most important point and here again I find that the Government policy falls short of expectations and needs. Coal, for instance, is in your list but how have you been regulating it *1* Wc were told that expansion in the private^ sector will not take place in the coal industry but I find now that certain concessions are being given to the private sector to develop this industry. I am opposed to such things. I think that in order to increase output of coal, necessary assistance should be given to the private sector subject to proper supervision and checks and controls. That is very very important because 1 know that much of the assistance that is given is not properly utilised and not put to good use for the country. What is important in this connection is to see that Government extends its activity in the coal industry in the public sector. Even in the second Five Year Plan, we certainly find that certain allocations are made for the private sector. I am opposed to it and I think this kind of a back-handed deal to the private sector hits against the declared policy of the Government even. This is what 1 am going to say.

Now, take the case of the textile industry. What are you doing there? You are encouraging them to introduce rationalisation and you have earmarked a sum, I think, of Rs. 50 crores or Rs. 60 crores for importing machinery with a view to effecting rationalisation when you know very well that the entire country, barring a few handful of industrialists on the top is opposed to this kind of rationalism. The trade union movement is opposed to it; the smaller men in the industry are opposed to it and I would like to remind the hon. Minister in this connection, if he does not know it already, that in West Bengal, for instance, the Bengal Millowner's Association and I think most of the mills in West Bengal, passed a resolution against rationalisation as they felt that if Government encouraged rationalisation on the part of the bigger mills, then of course, they would suffer— they would have to close down; and if it came to rationalisation of the smaller mills, they would not be in a position to carry it out for the simple reason that they will not have either the cash or the capacity to carry out such rationalisation. Therefore, they got a little alarmed. I am told they made a representation to the Government and to those people who direct ine industries of the country. I would like to know how the Government has treated such applications or representations. When 1 say tnat l am

opposed to rationalisation, I am not just voicing the views of the trade-union movement or the working class which is, of course, the most hard-hit in a way I am, at the same time also voicing the views of the smaller and medium industrialists who are fighting against rationalisation because it puts them in a much more disadvantageous position than they are already in at the moment. This enables the monopolist element and strengthens the monopolist element to elbow out the smaller men altogether from the industry and from the market.

Then, Sir, we have got the Indus trial Policy and I am rather surprised that the hon. Minister does not very much refer to the latest Industrial Policy of 1956 which has in some ways revised the earlier Industrial Policy of 1948. Here again, the Gov ernment is absolutely lukewarm in implementing whatever declarations it had made. It is admitted on all hands that more and more industries should be brought into the public sector not only under the general control and direction of the Government but under the .....

SHRI MANUBHAI SHAH: Perhaps the hon. Member was not present when I elaborated the whole thing such as the Industrial Policy Statement of 1956 and what the Prime Minister said in 1956.

SHRI BHUPESH GUPTA: There are two Policy statements that we know of, one is the April 1948 one which is the original one and the other is the one made this year which made certain amendments to the original one of April 1948. The revised Policy statement contains many of the old industries but also contains some new features. For instance, in the list (a), you have included more industries. You know all these things. Why do you ask me? It is your portfolio, not mine. Anyway, these unnecessary interruptions sometimes make things a little difficult, they break the thread of the agreement.

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Now, I was saying that we would like to know the extent to which the operation or administration of this particular measure is going to conform to the declared revised Industrial Policy of the Government of India.

SHRI MANUBHAI SHAH: This is entirely within the four corners of that Policy. Nothing can be done beyond that policy.

SHRI BHUPESH GUPTA: You have another policy, I think.

SHRI MANUBHAI SHAH: That is the policy of the Government of India and it has been enunciated in the Industrial Policy Statement laid before both Houses of Parliament. That is the over-riding policy of the Government of India and this Bill is only within that.

SHRI BHUPESH GUPTA: That I quite realise and therefore I am on that thing but you were discreetly avoiding any reference to it and it is precisely my point. I know you are in it but you flew over it. That is what I say because you did not mention—you did not try to explain to the House—as to how this measure will lead to the implementation of the revised Industrial Policy of the Government of India.

SHRI MANUBHAI SHAH: I fully mentioned this but perhaps the hon. Member was out. I mentioned as to how this particular measure was within that Industrial policy statement made by the Prime Minister on 30th April 1956.

SHRI BHUPESH GUPTA: The hon. Minister is very much fond of quoting the Prime Minister. You can just as well say that this is the Industrial policy.

MR. DEPUTY CHAIRMAN: What he is saying is that this Bill is entirely within the four corners of the Industrial Policy statement.

SHRI BHUPESH GUPTA: I may be within the four comers of the room but I may be doing a lot of mischief; I may violate all the rules and so, it is not a question of being within the four corners of a room. It is a very good thing being within the four corners of a room but there is a distinction which raises certain difficulties in our mind as to whether the four corners will remain four corners. Even within the four corners of the present Industrial policy Resolution, larger number of industries are to be brought in as exclusive State enterprises but we find that Government is providing the coal industry in the private sector with funds for expansion. This contradicts certain aspects of this policy and this is the thing that I am asking him to clarify. We have not got much clarification. I fail to understand why. Sometimes Ministers are incomprehensible in certain matters.

But I do try to the best of my ability to understand them. This is precisely the point that I want to make here that in the past you administered this particular measure in a way which was not in strict conformity with the declared aims of even your industrial policy, although you might say that you have been within the four corners of it. That is a very vague term. You are within the four corners of a socialist pattern of society; aren't you ? But what do we find? We find that it is the monopolists who are making more profits and the workers are denied even the minimum living wages. What kind of corners are these? It is very difficult for me to understand. Nevertheless as you are within the four corners of your own declaration of socialist pattern of society, you will not deny it. Let us not try to argue this matter in that way. Here my fear is this that you will not administer this measure properly unless you rectify some of the wrong steps that you have taken in the past and work it in a manner which would be in conformity with the revised industrial policy and would promote those things that are in the forefront now, namely, the industries in the public sector. You cannot fulfil the obligations under the industrial policy until and unless you so administer this particular measure as not to give encouragement to the big business that is getting from you all kinds of concessions now. That is a practical suggestion; how you will do it, it is for you. There are many ways. For instance, as I said, in the matter of capital issue, in the matter of giving them certain facilities which they require, you should be particularly careful and see that they do not get such concessions as would adversely affect the attainment of the objective of rapid industrialisation of the country.

Then there is the question of location of industries. That is very important. Now, I am told —-I am very sorry to hear that—that the demand of Assam for locating the oil refineries there has been rejected by the Government and it is going to be started in Mokameh or somewhere else. I do not know whether it is true. l think the Government should make the position clear. If Assam had demanded the location of the refineries there, they are absolutely justified and it would not be good merely to work in terms of strict economy. What is most important is to see that your industrial policy or your industrial regulations are so administered that the backward areas do get certain special treatment for catching up with the forward areas so that the backward areas can develop their industries. Now, there are States in the South; there are States in the eastern part of India also which are relatively backward but there you find that the Government is not giving proper attention to the development of industries in those particular areas. Now the Government might say, 'how can we control it? Yes, you can. You make it a condition that certain industries will not be allowed to be started until and unless they are started in the areas that you suggest; that is to say, you should choose the areas before you allow investiments for industries on a new enterprise. It is

possible for you to do so. Until and unless you do so, it is not possible for all the States to develop themselves industrially. Barring a few States, most of the States are industrially backward and I think that our bias should be certainly in favour of the backward States in our country and these laws should be so administered that the picture as far as the location of industries is concerned gets considerably changed. The British developed the industries in a particular way from the point of view of their colonial exploitation and requirements. We want to develop the industries not for any foreign exploitation but for advancing the economy as a whole, for raising fhe living standards of our people and for making every State in our country forward, for making all the 14 States in our country as much self-sufficient, as much economically viable and as powerful as possible. That makes it obligatory on the part of the Government to give special attention to the backward areas, backward, naturally speaking, in the matter of location of industries and in the matter of development of industries.

If the Government refuses the demand of the Government of Assam or for that matter the demand of the people of Assam for the location of the refineries there, it would be a great scandal. I think the Government has no justification whatsoever and I want to make that point very clear here. I do not know whether there are any Members from Assam on that side who will join with me in protesting against what I fear is going to be the Government's ideas in the matter of location of these refineries.

Then, you mentioned about the industrial Advisory committee and about trade union representatives. It is very good sometimes when I hear that you do remember that there are things called trade unions in the country and that sometimes they require to be consulted in such matters. But does your industrial policy or does this measure take any note at all of the fact that there is wide spread discontentment throughout the country, that in every industry almost without any exception, those who are at the helm of affairs as far as these things are concerned, are letting down the working class, are not listening to their demands and are not compelling the employers to concede even the minimum demands of the working class ? There may be Wage Boards and other things but I am not going into them. There are certain important matters which come up before you and you do not tackle them properly. That has been a matter of complaint against you. It is no use trying to justify your position merely by a reference to the fact that there are some representatives of the trade unions in the Industrial Advisory Board. We know for a fact that the Industrial Advisory Board and all these institutions at present under the Government are guided not by the requirements and interests of the workers or by the public at large but by a handful of people who are in positions of authority and are in a position to exert their influence. This is another point I want to make before the hon. Minister because I know that you cannot successfully administer the industries. You would make nonsense of your regulations until and unless you take into account what the working class says in this country.

Then, Sir, we are alarmed by another thing and 1 do not know to what extent the hon. Minister is alarmed. I have in mind the correspondence that passed between Mr. Eugene Black, the President of the World Bank and the Finance Minister, Shri T. T. Krishnamachari. It appears from the letter of the President of the World Bank that he wants not only to give a different direction to the industrial development in our. country but he wants also to blackmail our Government and bring pressure upon our economy. And at the same time I find Shri T. T. Krishnamachari writing to him in a most servile and if I may say so, in a

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most compromising and most regret table manner. Now I am very glad that at least there was Mr. Gulzarilal Nanda.....

SHRI H. C. DASAPPA (Mysore): Sir, I rise to a point of order. This is a very simple Bill and I am wondering whether the hon. Member is in order in referring to that correspondence and all that when speaking on this Bill.

SHRI J. V. K. VALLABHARAO (Andhra Pradesh): This is a very im portant Bill for the regulation of.....

{Interruptions)

SHRI H. C. DASAPPA: It does not mean that when the Finance Minister is not here or is not represented he should raise that. I think there is not much propriety in his referring to the hon. the Finance Minister when he is not here. Certainly it is open to him to refer to that when we discuss the financial implications of our policy and when /he Finance Minister is here let him have his innings. But when we are considering only the development of a few industries, this question, I think, is out of order.

5. P. M.

SHRI BHUPESH GUPTA: We are always in trouble with Finance Ministers, whether ex-Finance Minister or present Finance Minister.

MR. DEPUTY CHAIRMAN: You require some more time, I believe.

SHRI BHUPESH GUPTA: I will continue.

MR. DEPUTY CHAIRMAN: You can continue on the next official day. There is a message from the other House.

SHRI BHUPESH GUPTA: Yes, we can adjourn today.

MESSAGE FROM THE LOK SABHA

THE ABDUCTED PERSONS (RECOVERY AND RESTORATION) CONTINUANCE BILL, 1956.

SECRETARY: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:—

"In accordance with the provisions of Rule 133 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Abducted Persons (Recovery and Restoration) Continuance Bill, 1956, as passed by Lok Sabha at its sitting held on the 22nd November, 1956."

I lay the Bill on the Table.

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

The House then adjourned at five of the clock till eleven of the clock on Friday, the 23rd November 1956.

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