

(b) the estimated length of cables production per year from the Indian factory when it goes into production?

THE MINISTER FOR PRODUCTION (SHRI K. C. REDDY) : (a) In view of the fact that various types, sizes and gauges of cable will be manufactured in the Telephone Cable Factory at Rupnarainpur it is not possible to express the cost of manufacture in terms of mile unit.

(b) 469 miles, when the Factory goes into full production.

SHRI B. K. P. SINHA: May I know what is the cost of production of the various types?

SHRI K. C. REDDY: About the cost of the various types I am sorry I cannot give the figures but according to the estimates prepared in 1950, the cost of production of the 469 miles of cables was worked out to be about Rs. 65 lakhs.

SHRI B. K. P. SINHA: How does our cost of production compare with that of other countries like U.S.A. or U. K.?

SHRI K. C. REDDY: I am sorry I have not got the figures.

#### **PURCHASE OF SHARES BY INDIANS IN OIL REFINERY COMPANIES**

\*643. SHRI M. VALIULLA: Will the Minister for PRODUCTION be pleased to state:

(a) what is the total amount of preferential shares left open for purchase by Indians in the oil refinery companies;

;>> what is the rate of profit on these shares; and

(c) what is the percentage of the value of the shares to the total investment by the oil refinery companies?

THE MINISTER FOR PRODUCTION (SHRI K. C. REDDY): (a) The amount of preference shares to be offered for

investment by Indians in all the three new refineries is expected to be of the order of about Rs. 34 crores.

(b) The preference shares will be entitled to receive a fixed cumulative preferential dividend from the profits. The rate of such dividend is expected to be about 6 per cent, per annum, or such other rate as may appear appropriate under conditions existing at the time of issue.

(c) The amount of preference shares will represent about 7 per cent, of the total investment in the three refineries. As, however, a considerable portion of the total investment will be met by loans to be given by the parent companies or to be raised in India, the actual percentage of the preference shares to the issued capital will be much higher.

SHRI M. VALIULLA: Is Government going to purchase any shares out of these?

SHRI K. C. REDDY: No, it is not contemplated at present.

SHRI V. K. DHAGE: Why are the preference shares reserved for the Indian nationals?

SHRI K. C. REDDY: To allow for certain investments in the capital of these companies.

SHRI V. K. DHAGE: Why only the preference shares and not the ordinary ones?

SHRI K. C. REDDY: That is the agreement. The Companies themselves are willing to put in all the capital for the ordinary shares.

SHRI KISHEN CHAND: Is it a fact that in today's Hindustan Times a news item has come out that the preference shares will bear 5i per cent, and that almost 90 per cent, of them are likely to be subscribed by Indian Insurance Companies?

SHRI K. C. REDDY: I am sorry I have not read that report.

PROF. G. RANGA: The ordinary shares also will be open for subscription by Indians—is it not?

SHRI K. C. REDDY: I should think not. Only the cumulative preference shares will be thrown open for subscription.

PROF. G. RANGA: What is the provision in the agreement in regard to that portion of the preference shares of Rs. 34 crores which happens to be unsubscribed or non-subscribed for a time by Indians? Will they lapse or will they be taken over by the Government or will they be kept in reserve till these are subscribed?

SHRI K. C. REDDY: It is expected that Indians themselves will take these shares. If it is not subscribed, I can't say what will happen.

SHRI C. G. K. REDDY: In view of the fact that the ordinary shares are not open for the Indian public, does not Government think that Indian nationals will have no share at all in the affairs of these companies?

SHRI K. C. REDDY: It is obvious.

SHRI C. G. K. REDDY: Is that desirable?

SHRI K. C. REDDY: That opens up a discussion of the whole question.

PROF. G. RANGA: Is it a fact that the Government will have their representatives on the Board of Directors?

SHRI K. C. REDDY: The Government of India do not propose to have their representatives on the Board of Directors.

SHRI V. K. DHAGE: Is there any difference in the rights of the preference shareholders and that of ordinary shareholders so far as management of the concerns is concerned?

SHRI K. C. REDDY: The difference in the rights of preference shareholders and that of ordinary shareholders is well known.

MR. CHAIRMAN: Next question.

SHRI. H. P. SAKSENA: May I know if the shareholders will be represented on the Board?

MR. CHAIRMAN: I have called the next question.

#### FALL IN INDUSTRIAL PRODUCTION

\*644. SHRI M. VALIULLA: Will the Minister for PRODUCTION be pleased to state:

(a) whether there has been any decline in the production of Government owned and controlled industries in the year 1952-53; and

(b) if so, in how many cases and what are the reasons for the fall in production in each case?

THE MINISTER FOR PRODUCTION (SHRI K. C. REDDY): (a) and (b). Yes; in the following two cases: —

(1) Salt production at Government salt works in Rajasthan consequent on failure of rain fall in 1951-52 and

(2) Shipbuilding at Visakhapatnam shipyard owing to

(i) Lack of adequate planning before government acquired controlling interest in the shipyard.

(ii) Revision of some designs as a result of changes in Lloyds' rules.

(iii) Shortages in supply of steel which were aggravated by breakdowns in the Plate Rolling Mill of the suppliers.

SHRI C. G. K. REDDY: Before taking over some of these private industries by the Government, did not the Government examine the state of affairs in each concern before fixing the compensation? What I mean is before paying for it, did they not also look into the affairs of the company regarding lack of planning etc.?