CHAPTER III
PUBLIC ENTERPRISES IN GUJARAT: ORGANISATION AND WORKING - II

Gujarat Small Industries Corporation Ltd.

Working.
1. The payment, as deposit, of the Earnest Money under different schemes. 2. Penal Rate of Interest.
3. Marketing Assistance. 4. Import Assistance Scheme.

Management.
Observations.

Gujarat Industrial Development Corporation.

Working.
Rural Industrial Estates. Functional Estates.

Observations.
Capital and Finance.
Management.

Gujarat Mineral Development Corporation Ltd.

Fluorspar Project.
Bauxite Project.
Projects under process: (a) Lignite Project. (b) Base Metal Project. (c) Graphite & China Clay.

Capital and Finance.
Observations.
Management.
CHAPTER III

GUJARAT SMALL INDUSTRIES CORPORATION LTD.

While a large industry provides the glamour of industrialisation, it is the small and medium sized industries which prove to be pivotal to economic growth. The small scale industry which is labour-intensive and capital-saving plays a vital role in the overall economic development of a country like India where millions of people are unemployed or underemployed, where most of the entrepreneurs are capable of only small investment and where there is dearth of sophisticated machines and modern technology. Other factors which weigh in favour of the small industry are (i) its adaptability to semi-urban and rural environment, where the infrastructure is underdeveloped, and (ii) its capacity to attract rural savings and divert them to productive channels. Small scale industries provide large scale employment; offer a method of ensuring a more equitable distribution of the national income and facilitate an effective mobilization of resources of capital and skill.

Having appreciated all these aspects, the Government of India undertook its development as a planned programme during the First Five Year Plan. More and more emphasis has since been laid on the development of this vital sector during the successive plans.

The Government of Gujarat also foresaw the important

role of the small scale industries in the State and took active steps to put the existing small scale units on sound footing and to arrange for their rapid expansion. All these efforts culminated in the establishment of the Gujarat Small Industries Corporation on 26th March, 1962, under the Indian Companies Act, 1956, under No. 1124 of 1961-62 of the Registrar of Companies, Gujarat State.² While the Certificate for Commencement of Business was granted to it exactly after two months of its incorporation, i.e. on 25th May, 1962, the actual business of the Corporation began by the end of September, 1962, with the quota of non-ferrous metals allotted, to it by the State Government for distribution among the small industries.³

A small scale industry is defined as one wherein investment in plant and machinery does not exceed Rs. 7.50 lakhs irrespective of the number of workers employed. Small Scale units which supply assemblies, parts and components to large scale units and where the investments in plants and machinery does not exceed Rs. 10 lakhs are defined as Ancillary Industries.⁴

It may be noted that no industrial licence is necessary for setting up a small scale industry. However, it would be

² AR(GSIC) 1962: p. no. not given.
³ Ibid.
⁴ Big Hand for Small Industry: GSIC: p.2.
in the interests of those units to get the production programme approved wherein imported components or raw materials are involved so that they can get the benefit of quotas of materials. Again, if they expect any form of assistance from the Central or the State Government or from semi-Government Corporations or Institutions, they have to get them registered as small scale units. This registration is done by the Office of the Industries Commissioner at headquarters or at the regional/district offices.

**Working:**

The small industries face three main difficulties: (i) Shortage of raw materials. (ii) Difficulty in procuring modern machinery. (iii) Finance. And also, some units face the problem of marketing their products. The Corporation has tried to take care of all these difficulties as can be seen from the following lists of services rendered by it to the SSI Units:

1. **Distribution of Raw Materials:**

   Raw materials such as Copper, Zinc, Lead, Nickel, Pig Iron, Iron and Steel Sheets, G.P. Sheets, Ferro Silicon, Aluminium Sheets & Circles, Imported Caustic Soda, Structures, Ball bearings and Chemicals have been distributed by the Corporation.

   Pig Iron poses a special problem to the engineering industries. It has always been a special endeavour on the part of the Corporation to see that the SSI Units do not
suffer on account of this. Fortunately, the Director of Industries has also always stood ready to extend his helping hand. This service has special importance in view of the fluctuating policy of the Government of India in regard to Pig Iron.

The figures in Table III.1 go to show the size of service the Corporation has rendered in regard to the distribution of raw materials to the SSI Units:

<table>
<thead>
<tr>
<th>Year</th>
<th>Value* in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>10,53,067</td>
</tr>
<tr>
<td>1963</td>
<td>80,10,475</td>
</tr>
<tr>
<td>1964</td>
<td>1,27,14,816</td>
</tr>
<tr>
<td>1965</td>
<td>2,09,16,081</td>
</tr>
<tr>
<td>1966</td>
<td>2,02,60,107</td>
</tr>
<tr>
<td>1967</td>
<td>2,08,43,891</td>
</tr>
<tr>
<td>1968</td>
<td>2,17,34,166</td>
</tr>
<tr>
<td>1969</td>
<td>4,66,95,769</td>
</tr>
<tr>
<td>1970</td>
<td>5,96,09,928</td>
</tr>
<tr>
<td>1971</td>
<td>8,05,40,181</td>
</tr>
<tr>
<td>1972</td>
<td>8,06,42,338</td>
</tr>
<tr>
<td>1973</td>
<td>NA</td>
</tr>
</tbody>
</table>

* These figures are inclusive of Hire Purchase figures
+ These are not passed and published by the Corporation as the AGM has not been convened until April, 1974.

The Corporation has not looked merely after the procurement of the raw material and their distribution among the SSI Units. It has also given thought to the costs of transport and the inconvenience which they may have to bear. It, therefore, made godown arrangements from the year 1965 at Bhavnagar, Baroda, Rajkot and Surat in addition to the prevailing one at Ahmedabad. This has certainly proved beneficial to both the parties — to the Corporation in the sense that its sales have increased, and to the SSI Units in regard to quick delivery with less transportation costs. Branch Offices have also been set up at all these places except at Ahmedabad, to facilitate distribution of raw materials and to provide other useful services to the SSI Units.

2. **Supply of Machinery on Hire-Purchase basis:**

SSI Units encounter a problem of finance. They, therefore, cannot afford to have modern machines which may be costlier and difficult to obtain. With a view, therefore, to serving this need the Corporation has introduced a Scheme for the supply of industrial machinery and tools to the small scale units on a hire-purchase basis. The Scheme, which has been put into operation from July 1964, is intended to benefit as many small industries as possible throughout the State. The value of the machinery given under the

6. AR(GSIC) 1965.
Scheme has gone on varying according to the need and the availability of the funds. The Annual Report and Accounts, 1967, for example mentions: "The Directors are pleased to inform you that maximum value for which machinery can be supplied to one unit has now been raised to Rs. 2 lakhs". A booklet published by the Corporation, possibly during mid-1971, reads thus: "normally machinery up to the value of Rs. 25,000 is given on hire-purchase basis to one single unit." However, the 11th Annual Report and Accounts, 1972, observes: "Availability of financial assistance from other institutions on more liberal terms continued to be a factor accounting for the subdued utility of the Hire Purchase Scheme of your Corporation. Realising the need for relaxing the terms of the Hire Purchase Scheme for making it more attractive to the entrepreneurs, your Directors have recently introduced certain modifications in the Scheme. According to the modified Scheme, machinery upto the value of Rs. 2,50,000 could be supplied to individual units on hire.

7. A Small Wheel Can Turn a Big One: p.7.
The Corporation has tried to clarify its position in this regard as under:

'The terms of the National Small Industries Corporation are very favourable. We advise the entrepreneurs to take advantage of the N.S.I.C.'s scheme for purchasing machinery on hire purchase basis and we also follow up such applications with the concerned authorities, if necessary. Many nationalised banks and other financial institutions also have schemes for providing funds for purchase of machinery on easy instalment basis. We encourage the entrepreneurs to take advantage of these facilities available from other institutions on more (contd....)
The Corporation, for the purpose of helping different types of small industrialists, has categorised the Schemes as (a) Normal Scheme, (b) Small Units Scheme, (c) Package Scheme of Assistance to Unemployed Engineers/Technicians, (d) Backward Area Development Scheme, and (e) Educated Unemployed Scheme. These different schemes are governed by different terms and conditions. They are presented in the Statement III.a.

Small Scale unit desirous of availing the benefit of the Scheme shall have to follow the following procedure:

(a) They have to send an application along with a deposit of Rs. 100 in the prescribed form which is available from the Corporation's office on payment of Re. 1. They should submit complete details and specifications of the machinery required by them, enclosing original quotations from two or three manufacturers/suppliers. They have to give details about their existing machinery,

Whether terms and only in case an entrepreneur does not find it convenient to avail of the facilities from these sources, we advise him to obtain machinery under our Hire Purchase Scheme. In view of the fact that more favourable terms are offered by these institutions to applicants for larger value of machinery, your Corporation has decided to supply machinery to one single unit up to a value of Rs. 25,000 only.' (10th Annual Report and Accounts, 1971: p. 7).

9. Machinery on Hire Purchase (GSIC): A Folder published by GSIC (publication date not given)
10. A Small Wheel can Turn a Big One: GSIC: pp. 7-11.
<table>
<thead>
<tr>
<th>Heads of the Scheme</th>
<th>Limit</th>
<th>Application</th>
<th>Earnest</th>
<th>Service</th>
<th>Period of</th>
<th>Rate of</th>
<th>Rate of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>of the</td>
<td>Money</td>
<td>charges</td>
<td>repayment</td>
<td>Interest</td>
<td>Penalty</td>
<td>Rate per</td>
</tr>
<tr>
<td></td>
<td>(Rs.in</td>
<td>(per cent)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>month</td>
</tr>
<tr>
<td></td>
<td>lakhs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Normal Scheme</td>
<td>2.50</td>
<td>100</td>
<td>10</td>
<td>5</td>
<td>7 years</td>
<td>1% above</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(13 instalments)</td>
<td></td>
<td></td>
<td>bank rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Small Units Scheme</td>
<td>0.10</td>
<td>100</td>
<td>10</td>
<td>5</td>
<td>-do-</td>
<td>8% + 1% on</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>prompt payment</td>
<td></td>
</tr>
<tr>
<td>3. Package Scheme of Assistance to Unemployed Engineers/Technicians</td>
<td>0.25</td>
<td>100</td>
<td>10</td>
<td>3</td>
<td>-do-</td>
<td>7.5% above</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Rs.) (per cent)</td>
<td></td>
<td></td>
<td>bank rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Backward Area Development Scheme</td>
<td>2.50</td>
<td>100</td>
<td>5</td>
<td>3</td>
<td>-do-</td>
<td>1% above</td>
<td>1.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Rs.) (per cent)</td>
<td></td>
<td></td>
<td>bank rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Educated Unemployed Scheme</td>
<td>2.50</td>
<td>100</td>
<td>10</td>
<td>2</td>
<td>-do-</td>
<td>9% on prompt payment</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

11. Machinery on Hire Purchase (GIC): A Folder published by GSIC: (Publication date not given).
if any, available power and factory space, requirements of raw materials and marketing prospects and facilities. The deposit of Rs. 100 will be forfeited if the applicant withdraws his application or if the Corporation closes his case for want of particulars from the applicant.

(b) The application should be made in triplicate out of which the original and duplicate will be sent to the Corporation and triplicate will be retained with the applicant.

(c) The applicant shall have to give the declaration that the machinery which is applied for under hire purchase scheme is not bearing a loan on it in any way.

(d) The applicant will also be required to pay at the time of payment of earnest money, 5% value of the machine as service charges to the Corporation, which would be calculated on P.O.R. prices exclusive of Sales Tax and insurance. The service charges are not refundable in any circumstances.

(e) The applicant will also be required to pay at the time of payment of earnest money 5% value of the machine as Sales Tax Deposit which will be appropriated in accordance with the rate of Sales Tax payable at the time of the completion of the hire purchase transaction.

(f) The applicant will also be required to pay in advance Sales Tax, Octroi duty (if any) and other taxes of
Central and State Governments. Other expenses like legal charges, and registration charges will also be paid by the applicant.

(g) The applicant cannot make any change in the constitution of his concern without the prior consent of the Corporation.

(h) The applicant cannot transfer his present concern or the machinery and equipment kept in the premises without the permission of the Corporation.

(i) If the applicant fails to pay any instalment or any other amount, the Corporation will recover the penal interest at the rate of 1.5% per month. (Less than a month period, will be counted as a full month in counting the penal interest.)

(j) The applicant should, on taking the delivery of the machine, report about the condition of the machinery within a period of 15 days. If no such report is received by the Corporation within the time stipulated, it will be taken for granted that the machine received is in good condition.

(k) The Corporation retains its right over the machinery until the payment of the full amount with the interest due. The name plate of the Corporation will be affixed on all the machines till all the dues of the Corporation are paid. Till the agreement is in force, the applicant is bound to keep the machine in working condition with
proper servicing.

(l) It will be the responsibility of the applicant to get insured the machinery against fire, riots, accident, earthquake and flood, and nominate the Corporation as the beneficiary. For this, the Corporation will give the list of recognised Insurance Companies from which the applicant shall have to select one. The Corporation shall not deliver the machine without obtaining the Insurance Policy or Cover Note. If, however, the applicant fails to get the insurance, the Corporation will directly get the machine insured and all the expenses will be borne by the applicant.

(m) The Corporation will try to get all the machinery for the applicant but does not give any guarantee for it. The applicant shall have to accept whatever machinery is offered by the Corporation.

(n) Any Officer or authorised representative of the Corporation has, for the purpose of inspecting the machinery, a right to enter the premises of the applicant and has also a right to inspect the books of accounts, vouchers, bills, etc.

All the applications received by the Corporation are scrutinised and details not furnished or additional information which may be required are collected from the applicant. Personal visits are also paid by the concerned Officers of the Corporation for verification of the particulars furnished
by the applicants.

To avoid delay in processing the applications, the applicants are advised to furnish all the details required in the application forms. After the application form is completed in all respects it is placed for consideration before a Committee constituted for the purpose of scrutiny and submission of report. The Committee refers certain cases to the Industries Commissioner when so required. The detailed report of the Committee is placed before the Board of Directors for final approval. Only those applicants are supplied the machinery under the Scheme, whose reports are approved by the Board of Directors. Normally the Corporation takes a decision within two months from the receipt of the application.

The Corporation has, however, been facing problems of finance. Because of certain restrictions imposed on advances, the Bank of Baroda could not provide additional funds for operating the Scheme from February 1966 to June 1966. The Corporation also had, during the year 1966, approached the Government of Gujarat for financial assistance in order to make the Scheme more liberal. It was not, however, until 1968 that the Government provided a loan of Rs. 1.40 lakhs at 7.5% rate of interest. Again, after their nationalisation, the 14 major commercial banks also entered

12. AR(GSIC) 1966.
this field of hire purchase and for a long time until the recent credit-squeeze, there is a cut-throat competition among these various institutions to assist an industrialist -- particularly the small one. This is very well reflected in the figures of the Hire Purchase assistance given by the Corporation from the year 1969 onwards, as presented in Table III.2.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Units</th>
<th>Value of Machinery (Rs.)</th>
<th>Service Charges (Rs.)</th>
<th>Interest (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>20</td>
<td>3.42</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>1965</td>
<td>33</td>
<td>3.83</td>
<td>0.20</td>
<td>0.04</td>
</tr>
<tr>
<td>1966</td>
<td>71</td>
<td>7.51</td>
<td>0.38</td>
<td>0.35</td>
</tr>
<tr>
<td>1967</td>
<td>32</td>
<td>8.73</td>
<td>0.43</td>
<td>0.91</td>
</tr>
<tr>
<td>1968</td>
<td>38</td>
<td>11.29</td>
<td>0.56</td>
<td>1.69</td>
</tr>
<tr>
<td>1969</td>
<td>31</td>
<td>6.87</td>
<td>0.35</td>
<td>1.79</td>
</tr>
<tr>
<td>1970</td>
<td>45</td>
<td>6.00</td>
<td>0.30</td>
<td>2.06</td>
</tr>
<tr>
<td>1971</td>
<td>27</td>
<td>2.66</td>
<td>0.09</td>
<td>1.17</td>
</tr>
<tr>
<td>1972</td>
<td>22</td>
<td>2.33</td>
<td>0.12</td>
<td>1.82</td>
</tr>
<tr>
<td>1973</td>
<td>NA⁺</td>
<td>NA⁺</td>
<td>NA⁺</td>
<td>NA⁺</td>
</tr>
</tbody>
</table>

+ These are not passed and published by the Corporation as the AGM has not been convened until April, 1974.

Observations:

The following observations on the Scheme would be relevant:

(1) The payment, as deposit, of the Earnest Money under different schemes: It seems a little strange that a uniform rate of 10% is prescribed for all the applicants. While it may be accepted that the idea of categorising the Scheme under different heads is to help the different class of prospective industrialists, it is probably in the fitness of things that some concessions should have been granted at least to the two classes of (a) the Unemployed Engineers/Technicians, and (b) the Educated Unemployed ones. Such an approach would positively help them to avail of the advantage of the facility extended by the Corporation. Unfortunately, except for the year 1971, when the Annual Report and Accounts had given the figures of assistance under two different heads, no such figures are available and in their absence it is difficult to find out the contribution of the Corporation separately.

(2) Penal Rate of Interest: An observation similar to that in 1 may be made about this also. It could be envisaged that the two classes of the new entrepreneurs mentioned above can never be placed on par with the so-called 'set' industrialists, who may be commanding more than one unit. Under the circumstances, they may be able to pay off the instalments regularly without any difficulty. The really 'new small' entrepreneur should
be granted a concession not only in the rate of Penal Interest but also in the period of repayment.

(3) One of the conditions laid down under the 'Procedure' for getting assistance mentions that the applicant should accept whatever machinery is offered by the Corporation. This looks strange. If the Corporation is not able to procure the required machinery, it should get out of that particular transaction rather than dump upon the applicant a machine which may not be required or favoured by him. This will positively not help the cause of developing the small scale industry.

3. **Marketing Assistance**:

Marketing in modern days presents a complex problem. For obvious reasons, the small scale industrial units cannot adopt modern marketing — so very vital to their rapid development. Because of unorganised marketing facility and absence of established trade name and they may be put up in a buyers' market with all the consequential disadvantages. Central and State Governments make purchases in very large quantities. Those items can be conveniently produced and supplied by the small scale industries but, very often, because of the lack of systematic management and a procedure for supplying goods to Government Departments, they are unable to have a due share in the Government Purchase Programme. The Corporation has, therefore, to assist the small scale manufacturers in selling their products to various
Government Departments including D.G.S. & D. New Delhi, Railways, Gujarat Electricity Board, G.S.R.T.C., Gujarat Refinery and O.N.G.C., who have set up special Marketing Cells. Hence, it keeps itself in constant touch with these departments and collects tenders, indents, etc. and fills up tenders or submits quotations on behalf of the small scale units. On receipt of orders from these Departments the Corporation places corresponding orders with the concerned units and also furnishes complete information and guidance as regards specification, quality-standards, packing, inspection, delivery schedule, etc. It offers special terms of payment on the goods being accepted, though the payments to the Corporation from the Government Departments are delayed. It also provides service after sales.

The Corporation has now (since Nov. 1972) expanded the scope of marketing assistance. It organises selling of the products of the small scale industries in the open market and to large scale buyers and industrial consumers not only in Gujarat but also in other parts of the country. Under this General Marketing Scheme, the Corporation has planned to establish a Sample Room for displaying various products manufactured in Gujarat by small scale units so that prospective buyers can have information as regards the products manufactured in the small scale sector.

It is gratifying to note that, since the inception of
the Marketing Assistance Scheme, the Corporation has sold goods worth Rs. 73.97 lakhs on behalf of 138 units. The share of the General Marketing Assistance Scheme is valued at Rs. 82 lakh in a mere two-month operation during 1972.15

The Small Scale Industrial Units desirous of availing of the assistance have to furnish to the Corporation, particulars such as its name and address, particulars of the products offered for sale, their rates catalogues, price lists and other printed literature of their products.

The Corporation keeps a live record of these particulars and whenever tenders are issued for any of the items covered under the record of the Corporation or for the items which could be supplied to the knowledge of the Corporation by a certain party, it obtains quotations immediately from the concerned unit/s and fills tenders accordingly. By virtue of the the tender being filled by the Corporation, the Unit is exempted from payment of the earnest money deposit or security deposit. The Corporation also gets such units registered with the Directorate of Industries as SSI Units and obtains 15% price preference available to such units. It also attends to the necessary follow up work.

4. **Import Assistance Scheme:**

   By their very nature, small scale industries very often get import licences which are of a very small value. They

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consequently find it difficult to book orders with the foreign suppliers or indentors as the latter are not prepared to book orders for small quantities and quite often the Import Licences issued to the Small Scale units remain unutilised because of the difficulties encountered by them in making necessary arrangements. To save such licences from lapsing and also with a view to helping such small scale units in importing goods of their requirements, the Corporation undertakes to consolidate such licences from all over Gujarat and makes arrangements for importing the required goods. Arrangements include negotiating the order, opening Letters of Credits, paying customs duty, clearing the consignment at the port and transporting the goods to destination.

Sometimes, because of liberalisation in the import policy, small scale industries get Import Licences for sufficiently large amounts. But in this case small scale industries face a problem of making necessary financial arrangements as the licences have to be utilised within the stipulated periods. The Corporation extends its helping hand here also by not only making arrangements for the import of goods, but also by offering facility for warehousing the imported goods and allowing them to lift them in small quantities as may be required by the units from time to time.
A small scale industry wishing to avail of this assistance has to make an application in the prescribed form of the Corporation and also to send the terms and conditions governing the Scheme duly signed in token of their acceptance. The unit has also to submit both the copies of the Import Licence along with the application. After scrutinising the application and obtaining Bank reference in respect of the party concerned, the Corporation makes an application to the concerned Import Trade Control authority for issuing a letter of authority in favour of the Corporation. After getting the necessary letter of authority, the Corporation collects 15% deposit from the party and opens a Letter of Credit with its Bankers. Before placing a firm order the consent of the party is obtained regarding the specification and price of the goods indented. On receipt of the goods necessary arrangements are made by the Corporation for its clearance, etc., and the goods are transported to the Corporation's godown. The licence-holder is given an option to clear the goods within seven days without paying any warehousing charges or arrange for lifting them in small quantities as may be required from time to time. The maximum period allowed for lifting the goods is three months.

The Corporation recovers the following charges from the units taking advantage of the Scheme:

(a) 2% to 3% Service Charges.

(b) Import customs, port charges, Demurrage if any, and all the expenses incurred in connection with the import of goods.

(c) All expenditure in regard to clearing, forwarding and transporting of goods.

(d) Indenting Commission paid to Indentors.

(e) Bank charges and interest.

(f) Sales Tax, Octroi and other taxes or charges levied and collected by the Central or State Governments or a municipality.

A study of the Annual Reports and Accounts of the Corporation reveals that it undertook this type of activity since its inception. However, this seems to have continued only during the first three years of its life as the IV and the V Reports (1965 and 1966) are silent about it. As a Scheme this has again been introduced from the year 1967. Table III.3 goes to show the size of assistance rendered under the Scheme as also the earning by way of Service Charges and Interest, since 1967.

5. Procurement of Quality Machine Tools:

On one hand, the machine tool manufacturers in Gujarat find it difficult to secure a satisfactory market for the machine tools manufactured by them. On the other hand, a large variety of machine tools of different standards and quality is manufactured all over the country, thus posing a
Table III.8

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Units</th>
<th>Value of Goods Imported (Rs. in lakhs)</th>
<th>Service Charges (Rs.)</th>
<th>Interest (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td>20</td>
<td>4.63</td>
<td>7,703</td>
<td>14,634</td>
</tr>
<tr>
<td>1968</td>
<td>39</td>
<td>9.99</td>
<td>37,484</td>
<td>47,316</td>
</tr>
<tr>
<td>1969</td>
<td>33</td>
<td>7.72</td>
<td>2,652</td>
<td>6,358</td>
</tr>
<tr>
<td>1970</td>
<td>44</td>
<td>14.94</td>
<td>50,739</td>
<td>56,051</td>
</tr>
<tr>
<td>1971</td>
<td>71</td>
<td>21.78</td>
<td>35,491</td>
<td>25,324</td>
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<tr>
<td>1972</td>
<td>89</td>
<td>18.06</td>
<td>76,976</td>
<td>1,33,446</td>
</tr>
<tr>
<td>1973</td>
<td>NA</td>
<td>NA+</td>
<td>NA+</td>
<td>NA+</td>
</tr>
</tbody>
</table>

* These are not passed and published by the Corporation as the AGM has not been convened until April, 1974.

The Corporation has endeavoured to solve the problem (a) of selection of the machinery suitable to their requirements and (b) of procuring them at competitive prices. Experience in this field also benefited the Corporation.
Table III.4

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Entrepreneurs/Units</th>
<th>Value of M.T. supplied (Rs. in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>45</td>
<td>6.27</td>
</tr>
<tr>
<td>1971</td>
<td>150</td>
<td>22.60</td>
</tr>
<tr>
<td>1972</td>
<td>185</td>
<td>15.96</td>
</tr>
<tr>
<td>1973</td>
<td>NA+</td>
<td>NA+</td>
</tr>
</tbody>
</table>

+ These are not passed and published by the Corporation as the AGM has not been convened until April, 1974.

As it has, since 1972, been appointed as the authorised agent for the Hindustan Machine Tools -- the largest machinery manufacturing enterprise in India -- for their machine tools in Gujarat. Under this arrangement, the Corporation not only markets the machines of HMT but also provides repairs, maintenance and after-sales-service facilities.

6. Plastic Mould Shop:

Plastics have started playing an important role on the industrial front. The Corporation, fully appreciating its role, had decided as early as February 1966 to take active part in promoting the plastics Industry in the State. Another factor which contributed to this idea was the abundant availability of plastics raw materials from the Petro Chemical Complex established near Baroda. For this purpose, the Corporation had organised a Plastics Exhibition on

12th February, 1966, which lasted for 22 days. About 10 leading manufacturers and distributors of plastic raw materials, 163 well known manufacturers of finished products and 8 reputed manufacturers of processing machinery participated in the Exhibition. 19

The Corporation, having realised the handicaps faced by the plastic industry, viz., those of the lack of quality moulds and dies at cheaper cost, and of the dearth of trained designers and skilled workers for the manufacture of moulds and dyes, planned to set up a Plastic Mould Shop-cum-Training Centre. The Government of Gujarat was approached for financial and other assistance during 1970. The Government thought it had agreed in principle to the establishment of such a shop, took nearly two years to finalise the terms and conditions. The Shop-cum-Training Centre started functioning from the beginning of 1972. 20 For the purpose of equipping the Shop with trained personnel, the Corporation had deputed three trainees to the Central Institute of Plastic Engineering & Tools, Guindy, Madras.

The estimated investment in machinery and equipment in the Shop is to be around Rs. 10 lakhs in the first phase, out of which Rs. 4.95 lakhs will be spent for indigenous machinery and equipment and Rs. 5.05 lakhs will be spent on the imports. The Corporation has already received the

Essentiality Certificate for importing the machinery and has, in the mean time, started acquainting the Plastic Processing industries with the facilities available; and, some manufacturers have already been utilising the services offered by the Shop of the Corporation.

7. Girnar Scooter Project:

The Corporation, with a primary view to developing automobile ancillary industries in the small scale sector, applied in the year 1965, for an Industrial Licence to manufacture Scooters. The Government, which had received 191 such applications, appointed a Special Committee to screen those applications. 17 applications including that of the Corporation were approved for further consideration. The Corporation, subsequently, has been granted a licence and it started production of the first batch of 25 Girnar Scooters during the year 1969. They are put on the road for testing their efficiency and performance under different roads and climatic conditions. A satisfactory report from the Vehicle Research & Development Establishment of the Government of India, Ahmednagar, has also been received. The Corporation has been authorised to manufacture 24,000 scooters per year as per the industrial licence issued by the Government of India.21

Arrangements for the construction of the factory premises for this project have been made at the Industrial

Estate of Gujarat Vepari Mahamandal Sahakari Audyogik Vashahat Ltd., Odhav. It is expected to be completed soon and the initial target of producing 500 scooters per month is hoped to be achieved within a few months after shifting to the new factory premises.

While the efforts put in by the Corporation for the project are worth commendation, one cannot but say that it has gone too far in this direction. Instead of the Corporation involving itself directly in this project, it could have well thought of encouraging the establishment of a cooperative society of the small scale industrialists by providing rich assistance — or, even by itself taking a lead. This would have kept it sufficiently free to look after the provision of various services and would have also enabled it to find out the new areas and fields for the rendering of functional services.

8. Miscellaneous Services:

In addition to the services and assistance narrated above, the Corporation has been helping the small scale industrial units in different conditions in a variety of ways. A brief information about such services is presented below:—

(a) It decided to set up a permanent Sample Room to display the products required by various governmental agencies and large scale purchasers in the country so that more and more small scale industries could benefit and
consider their manufacture in their units.

(b) Small scale industries cannot afford to employ highly qualified technical staff, not can they afford to pay professional consultants for their technical advice. To assist such entrepreneurs, the Corporation has set up a Technical Wing. The Wing helps the entrepreneurs in preparing the Project Reports and solving their other technical problems. Advice is given on a nominal payment basis.

(c) It collected information about the various stores required by the Purchasing Departments of the Government for the defence purposes, during the Pakistani aggression in 1965. This information enabled the small scale industrial unit of Gujarat to contribute their might towards the defence efforts by producing the required stores urgently.

(d) The Corporation granted special facilities during 1967 to the recession-hit small scale units by deferring the Hire Purchase Instalments, purchase of raw materials on credit, etc.

(e) It participated in the Indian International Trade and Industries Fair, 1968, held at Madras particularly with a view to publicising the products of the small scale industries of the State and thereby boosting up their sales. Quality products of 50 small scale industrial
units were prominently displayed in the Exhibition.

(f) To rehabilitate the people and industries affected by the floods during 1968, the Corporation extended the following special concessions and facilities to the industries in the flood-affected areas:

(i) Extension for payment of 'Hire Purchase instalments'.

(ii) Special credit facilities in deserving cases for the purchase of raw materials.

(iii) Applications for machinery on Hire Purchase were processed without receiving any Earnest Money from the entrepreneurs who needed replacement of machinery and equipment which were seriously damaged because of floods.

Two more services -- (a) setting up of a unit for manufacturing important dye-stuff intermediates which are difficult to procure, as referred to in the Annual Reports and Accounts 1969 and 1970, and (b) establishing an Electronics Common Facility Centre, as referred to in the 1971 Annual Report and Accounts -- are worth taking note of. The Corporation has gone to the length of getting prepared a Project Report on the Dye-Stuff Intermediate unit!

Capital and Finance:

The Corporation started its working with an Authorised
Share Capital of Rs. 50 lakhs divided into 50,000 shares of Rs. 100 each. Out of this, the initial capital issued amounted to Rs. 15 lakhs. The break-up of the issue was as under:—

(a) 430 Equity Shares of Rs. 100 each taken by Promoters including 3 Government Directors Rs. 43,000

(b) 5,970 Equity Shares of Rs. 100 each purchased by Government of Gujarat Rs. 5,97,000

(c) 4,190 Equity Shares of Rs. 100 each purchased by private subscribers which include friends, associates, etc. Rs. 4,19,000

(d) 4,410 Equity Shares of Rs. 100 each issued to public under Prospectus issued on 10-7-62 Rs. 4,41,000

15,000 Equity Shares: Total Amount: Rs. 15,00,000

Rs. 50 per share were initially called, the remaining Rs. 50 per share were collected in 1969.

This position lasted until 1970 when, on account of considerable increase in the volume of business of the Corporation and on account of requirement of funds for the Scooter Project, it was considered desirable to increase the subscribed capital by issuing Right shares to the existing shareholders. Accordingly, it was decided to issue a further capital of Rs. 15 lakhs by offering 15,000 Right Equity Shares of Rs. 100 each to the existing Shareholders on 1-3-1971 with a right of renunciation.

23. AR(GSIC) 1962
But this did not prove sufficient to meet the expansional needs of the Corporation. A Special Resolution was, therefore, moved in its Ninth Annual General Meeting to raise its Authorised Capital to Rs. 2 crores by creation of 1,00,000 Equity Shares and 50,000 unclassified shares of Rs. 100 each. It was said in support of this move that, with an allround increase in the commercial and promotional activities of the Corporation, it had become necessary to widen its capital base. With the pace of expansion in turnover which had increased from Rs. 4.66 crores in 1969 to almost Rs. 6 crores during the year 1970 and the projected future expansion in different areas of activities of the Corporation, the capital requirement would move beyond the extent of the existing authorised capital of Rs. 50 lakhs.

Consequent to the passing of the Resolution, a further issue of capital was made for Rs. 30 lakhs in the form of 30,000 Right Equity Shares of Rs. 100 each, to the existing shareholders, out of which 23,140 shares were fully issued during the year 1972. 24

Thus, the position of the Capital of the Corporation as on 31-12-72 was as under:—

(a) **Authorised Share Capital:**
1,50,000 Equity Shares of Rs. 100 each
and 50,000 Unclassified Shares of Rs. 100 each .... .... .... .... .... ..... Rs. 2,00,00,000

(b) **Issued & Subscribed Share Capital:**
30,000 Equity Shares of Rs. 100, each fully paid up .... .... .... .... .... Rs. 30,00,000

24. AR{GSIC} 1972.
The Shareholders at an Extra-ordinary General Meeting of the Corporation held on 27th June 1962 empowered the Board of Directors to borrow funds to the extent of Rs. 1 crore for the Corporation. This has since been raised to Rs. 3 crores by an Ordinary Resolution passed in its Ninth Annual General Meeting held on 28th June, 1971. It was explained that with substantial increase in commercial and promotional activities of the Corporation resulting in the expansion in turnover from Rs. 80 lakhs in the year 1963 to about Rs. 6 crores in the year 1970, the requirements of working finance have considerably expanded.

Finally, about the profit earnings of the Corporation: The activities carried on by the Corporation have been of a nature wherein it is bound to receive preferential treatment from the Government Departments. Therefore, it virtually enjoys a monopolistic position in a majority of its functions. Viewed from this angle the figures of profit as presented in Table III.5 cannot be interpreted as the result of the efficiency of the Corporation. Be that as it may, the Corporation has, barring the first year, made profits successively, and paid fat dividends to its shareholders.

25. AR(GSIC) 1962.
Table III.5

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Profit/loss</th>
<th>Rate of Dividend declared</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>(-) 22,872</td>
<td>4%*</td>
</tr>
<tr>
<td>1963</td>
<td>58,470</td>
<td>NK</td>
</tr>
<tr>
<td>1964</td>
<td>70,828</td>
<td>6%</td>
</tr>
<tr>
<td>1965</td>
<td>1,85,570</td>
<td>10%</td>
</tr>
<tr>
<td>1966</td>
<td>2,34,214</td>
<td>10%</td>
</tr>
<tr>
<td>1967</td>
<td>2,00,875</td>
<td>10%</td>
</tr>
<tr>
<td>1968</td>
<td>1,78,778</td>
<td>10%</td>
</tr>
<tr>
<td>1969</td>
<td>3,76,546</td>
<td>10%</td>
</tr>
<tr>
<td>1970</td>
<td>5,15,988</td>
<td>12%</td>
</tr>
<tr>
<td>1971</td>
<td>6,21,025</td>
<td>12%</td>
</tr>
<tr>
<td>1972</td>
<td>6,24,386</td>
<td>12%</td>
</tr>
<tr>
<td>1973</td>
<td>NA+</td>
<td>NA+</td>
</tr>
</tbody>
</table>

* (as guaranteed by the State Govt.)
+ These are not passed and published by the Corporation as the AGM has not been convened until April, 1974.

Management:

The Corporation is managed by a Board of Directors.

Article 70(1) of the Articles of Association provides:

"The number of Directors shall not be less than five and more than nine, provided that one third of the total number of Directors shall be nominated by the Government of Gujarat and the remaining Directors may be chosen by the General Meeting from time to time from the members representing industrial units, industrial estates, cooperative industrial estates, other corporate institutions and banking institutions."28

28. AR(GSIC) 1972: p.3.
Thus, the Corporation's Board of Directors consists of 9 members including the Chairman and the Managing Director. This provision lasted for the first eleven years of the life of the Corporation. With the increase in its promotional and commercial activities, with the founding of a separate Scooter Project Division and with further development it was thought necessary to increase the present strength of the Board to enable the Corporation to provide better guidance and exercise exhaustive superintendence and control over its own activities. It was with this view in mind that a Motion reading as under was tabled in its Eleventh Annual General Meeting for being passed as a Special Resolution:

"RESOLVED that pursuant of Section 31 of the Companies Act, 1956, the Articles of Association of the Corporation be amended in the following manner:

(a) By substituting for Article 70(1) the following new Articles:

"70(1) The number of Directors shall not be less than five and more than twelve, provided that one-third of the total number of Directors shall be nominated by the Government of Gujarat and the remaining Directors may be chosen by the General Meeting from time to time from the members, representing industrial units, industrial estates, cooperative industrial estates, other corporate institutions and Banking institutions." 29

Despite passing of the Resolution, the Corporation still (April 1974) has 9 members on its Board, 3 representing the Government interest and 6, the non-governmental interests. 30

29. AR(GSIC) 1972; p.2. 30. Based on Personal Interview.
Observations:

The following observations may be made about the terms of office of the Directors:

It was the good fortune of the Corporation to have the services of the same Chairman from its inception in 1962 till the end of 1971. Similarly, the Managing Director has also been serving the Corporation from the year 1964, the first Managing Director having served the Corporation for the first two years 1962 and 1963. A similar trend can be observed in the case of the non-governmental Directors. Table III.5 exhibits the period of the Directorship held by the non-governmental Directors.

Table III.6

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Years during which served on the Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shri U.P. Pandit</td>
<td>1962 to 1966</td>
</tr>
<tr>
<td>2. Shri B.B. Joshi</td>
<td>1962 to 1968</td>
</tr>
<tr>
<td>3. Shri R.N. Shah</td>
<td>1962 to 1970</td>
</tr>
<tr>
<td>4. Shri G.V. Bhatt</td>
<td>1964 to 1972</td>
</tr>
<tr>
<td>5. Shri C.P. Mehta</td>
<td>1965 to 1972</td>
</tr>
</tbody>
</table>

In contrast to this, the Government Directors present a picture showing as if the Directorship of the Corporation is the game of a musical chair! It is true that with the change of the Department they have to attend to other duties.

and, therefore, they may not be able to attend to the work of the Corporation. But, if the Government really desires the Corporation to benefit from the administrative expertise of the Government Directors nominated by it, either they should not be transferred to other Departments, or they should be kept on the Board for a minimum period of, say, 2 years. It should not be looked upon merely as a formality which the Government is bound to observe. Again, the vacancies arising out of the resignation of a Director should be filled up immediately. (Vide: Table III.7).

<table>
<thead>
<tr>
<th>Name of the Director</th>
<th>Tenure of Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shri F.J. Heredia</td>
<td>1962 to 1963</td>
</tr>
<tr>
<td>2. Dr. C.B. Patel</td>
<td>1962 to 1963</td>
</tr>
<tr>
<td>4. Shri S.M. Ghosh</td>
<td>1966 to 1967</td>
</tr>
<tr>
<td>5. Shri G.C. Baveja</td>
<td>1966 to 1967</td>
</tr>
<tr>
<td>6. Shri M. Sivgnanam</td>
<td>1967 to 30-10-72</td>
</tr>
<tr>
<td>7. Shri P.V. Swamimathan</td>
<td>18-7-67 to 24.11.67</td>
</tr>
<tr>
<td></td>
<td>23-2-70 to 22-8-70</td>
</tr>
<tr>
<td>8. Shri T.K. Jayaraman</td>
<td>30-11-67 to 25-1-68</td>
</tr>
<tr>
<td>9. Shri M.G. Shah</td>
<td>21-3-68 to 19-10-68m</td>
</tr>
<tr>
<td>10. Shri Annie Prasad</td>
<td>19-10-68 to 5-11-69</td>
</tr>
<tr>
<td>11. Shri R.Bharath</td>
<td>19-11-69 to 10-12-69</td>
</tr>
<tr>
<td>12. Shri C.R. Samajpati</td>
<td>18-9-70 to 4-4-72</td>
</tr>
<tr>
<td>13. Shri V.S. Sinha</td>
<td>4-4-72 to 30-10-72</td>
</tr>
<tr>
<td>14. Smt. S.L. Single</td>
<td>30-10-72 to 30-1-73</td>
</tr>
<tr>
<td>15. Shri K.G. Badlani (30-1-73 contd.)</td>
<td></td>
</tr>
</tbody>
</table>

In other words, as against 5 non-governmental Directors, the Corporation got the benefit (!) of the expert services of 15 directors during its life of 11 years.

Till 1968, the Vice Chairman of the Corporation was appointed from among the non-governmental members. This practice has been changed from the year 1968 and now it is a Government Director who is appointed as its Vice Chairman. Surprisingly again, in certain years (1964 and 1967) the designation of Vice Chairman is not given to any one, while the Annual Report for the year 1966 shows the designation given to two Directors!

The Corporation has received two jolts during its life of eleven years, the second one being much more serious than the first one. The first incident took place in the year 1966 when the Corporation was cheated by its ex-cashier for a substantial amount of Rs. 3.36 lakhs. The conspiracy came to light in the second week of January, 1967. As the Annual Report stated, only Re. 94,286 could be recovered. The subsequent Annual Reports are silent about the episode and the actions taken by the Corporation.

Another episode in November 1973, has given a jolt not only to the Corporation, but has also created a dilemma in the minds of management experts. Almost all the management theoreticians favour a continuity in the top level management. The weakness of the theory seems to have been best

33. AR(GSIC) 1966.
exposed by the experience of the Corporation. As already stated, most of the non-governmental directors served the Corporation for a sufficiently long period. Probably this was not without any 'extra' reward. The clash between the management and the staff brought to light all the malpractices practised by some of the Directors. Allegations were made in public about the undue advantage of the position taken by some Directors. The Government, therefore, had to undertake investigations about the allegations through the Vice Chairman of the Corporation, as a result of which the Chairman had to tender his resignation. Further investigation was then handed over to the new Chairman, a Government-nominated Director, who was reported to have been able to secure serious evidences against the alleged ones. The Corporation was seriously trying to find out whether criminal actions could be taken against the Directors who were alleged to have earned a profit of lakhs of rupees on account of their position.

This has been very unfortunate for the Corporation that got a clear and appreciative report about its working only a year and a half back. The Corporation, with a view (a) to getting the system of working critically examined and (b) to assessing the scope for modifications and improvements in it had entrusted a Management Consultancy Project to the Indian

Institute of Management, Ahmedabad. The Institute, in its Report, expressed its appreciation for the commercial prudence with which the Corporation had been working and showed satisfaction for the results achieved.

Having burnt its fingers, the Government has now decided to nominate its Director as the Chairman of the Corporation.

* * *

GUJARAT INDUSTRIAL DEVELOPMENT CORPORATION

During the past few decades of this century, a large number of undeveloped and underdeveloped countries in the world have taken to industrialisation to strengthen their economy and to be self-sufficient in respect of their basic and primary requirements, fearing that their economic dependence may again lead to political dependence. After achieving political independence as a result of a great struggle, India has led such countries of the world that achieved independence after World War II. Balanced development of industries in the different parts of the country and the extension of the benefits of development to the backward areas have been accepted as a principle of industrial policy of the Government of India. This approach helps directly the avoidance of civic problems of housing, water supply, drainage, transport, overcrowding, excessive congestion in particular localities, insanitation, atmospheric
pollution, high mortality rate, concentration in vulnerable areas and wide disparities in the living standards of different sections of the population, which arise from concentration of industries in already industrially developed areas. Besides, concentration results in scanty profits to the entrepreneurs, low yields to investors and high prices to the general consumers. Modern industrial communities have already experienced the pinch of these evils and have also, therefore, felt the need for some kind of regional planning of industry which would aim not only at maximum efficiency of production and distribution but also an optimum distribution of industrial activity based on broader economic, social and strategic consideration.

The Pandey Working Group also suggested that regional aspects of development should receive greater attention in regard to the location of industrial undertakings in the public sector, in the licensing policy and in the formulation and the implementation of the development programmes by the State Governments, especially for provision of infrastructure facilities in such areas.

The Fourth Five year Plan also emphasised the need of disposal of industries especially to meet the requirements of non-farm employment in the rural areas. According to the Plan 'the society stands to gain by dispersed development. The cost of providing necessary infrastructure for further
expansion of existing large urban and industrial centres is often much larger than what it might be if development was purposefully directed to occur in smaller towns and rural areas. 36

Keeping all this in view, immediately after the creation of new State of Gujarat in May, 1960, the State Government undertook the work of planning industrial development of the State especially with a view to preventing haphazard and disorderly growth of the industries. The State Government was also conscious of the fact that there were active and latent business, industrial and entrepreneurial abilities in the people of the State and, therefore, with positive encouragement by the state, large and small industries were bound to come up quickly. Therefore, with a view to having an orderly and speedy growth and giving all facilities that would be conducive to the growth of various industries, the State Government considered how to promote, regulate and disperse them in such a way as not to create congestion in the fast growing cities, at the same time creating favourable conditions for the location of industries in areas adjacent or near them, and also in the rural areas.

A high level Committee called 'Standing Committee for Industries' for considering the question of promoting industries in the State had taken the decision to establish five

Satellite Townships near some of the important cities, viz., Ahmedabad, Baroda, Surat, Bhavnagar and Porbandar.\textsuperscript{37}

In taking these decisions to establish Industrial Townships near the existing major cities, the facts of existing trends towards the establishment of the industrial units round about these cities, industrial commercial and other business facilities already existing there, the availability of the entrepreneurial ability of the industrialists staying in the cities, the preference of locating such units within approachable distance of the cities and the need to remove congestion from these cities which had already reached saturation point of growth were taken into consideration.

Similar recommendations in respect of desirability of encouraging orderly growth of a Satellite Township near Ahmedabad were also made by the City Coordination Council, Ahmedabad, after studying various relevant matters mainly for the fact that the attraction of the big cities was considered as a factor not to be ignored, especially when the cities were already congested and the industrial units were growing around them in an unplanned manner. The Government of Gujarat, therefore, decided to establish an Industrial Township near Ahmedabad, and took immediate steps to notify for the purpose about 12,000 acres of land on the eastern periphery of the City. An Interim Development Plan was also

\textsuperscript{37} AR(GIDC) 1963-64: p.1.
prepared with a view to accommodating industrial units intending to get established immediately and till the Development Corporation was set up.

It was with a view to giving impetus to this important work and achieving the general objective of rapid promotion of industries in the State that the Government of Gujarat enacted the Gujarat Industrial Development Act, 1962, to set up the Gujarat Industrial Development Corporation. The Corporation started functioning from 4th August, 1962, with the appointment of its Board. 38

The main functions of the Corporation are: 39

(1) In General—

to promote and assist in rapid and orderly establishment, growth and development of industries in the State of Gujarat, and;

(2) in particular --

(a) to establish and manage industrial estates at places selected by the State Government;

(b) to develop industrial areas selected by the State Government for the purpose and make them available for undertakings to establish themselves;

(c) to develop land on its own account or for the State Government for the purpose of facilitating the location of industries thereon;

(d) to assist financially by loans to industries to move their factories into such estates or areas;
(e) to undertake schemes or works, either jointly with other corporate bodies or institutions or with Government or local authorities or on an agency basis in furtherance of the purposes for which the Corporation is established and all matters connected therewith.

Thus, it has been established mainly with the objective of ensuring a balanced and rapid development of industries in the State by providing land and shed, and developing the infrastructure facilities required by the industries such as roads, water, drainage, power, storage facilities, communication facilities and where possible, facilities for housing industrial workers and supervisory staff, bank, post office, canteens, etc.

Working:

Availability of cheap and adequate land though not the only important locational factor, is definitely one of the most important factors. The existence of other locational factors may prove abortive if the land is not available at cheaper rate and in adequate size. The Corporation takes care of this important aspect. It has, as can be viewed from its working since its inception, concentrated on the development of the industrial areas and the setting up of the industrial estates. For this, the Corporation has to
acquire land and also to involve itself in litigation to achieve its purpose. After acquiring the industrial land and developing it, it demarcates the plots into units from 500 sq. yds. and above. It also undertakes the construction of factory sheds on a standard pattern with minimum space of 750 sq. ft. increasing up to 7500 sq. ft.

The strong locational points taken into account for the establishment of an Estate are (1) nearness of the particular place either to a railway station or a highway, and (2) the existence of a fairly large marketing centre nearby. The Estates themselves, in turn, offer the following advantages to the industrial organisations envisaging to establish themselves thereat:—

(1) Ready Market.
(2) Easy Rail/Road access.
(3) Plenty of Labour.
(4) Readymade Sheds.
(5) Ready Water and Power Facilities.
(6) Well-planned area.
(7) Nearness to a Town.

The Corporation has 78 estates all over Gujarat. Out of these, 12 have been transferred to it by the State. The districtwise distribution of these estates is depicted in Table III.8.

It may be seen from the Table III.8 that Kaira and Rajkot

---

Table III.8

<table>
<thead>
<tr>
<th>District</th>
<th>No. of Industrial Estates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ahmedabad</td>
<td>7</td>
</tr>
<tr>
<td>2. Amreli</td>
<td>2</td>
</tr>
<tr>
<td>3. Baroda</td>
<td>5</td>
</tr>
<tr>
<td>4. Banaskantha</td>
<td>4</td>
</tr>
<tr>
<td>5. Bhavnagar</td>
<td>3</td>
</tr>
<tr>
<td>6. Broach</td>
<td>3</td>
</tr>
<tr>
<td>7. Bulsar</td>
<td>5</td>
</tr>
<tr>
<td>8. Jamnagar</td>
<td>3</td>
</tr>
<tr>
<td>9. Junagadh</td>
<td>3</td>
</tr>
<tr>
<td>10. Kaira</td>
<td>8</td>
</tr>
<tr>
<td>11. Kutch</td>
<td>2</td>
</tr>
<tr>
<td>12. Mehsana</td>
<td>6</td>
</tr>
<tr>
<td>13. Panchmahals</td>
<td>4</td>
</tr>
<tr>
<td>14. Rajkot</td>
<td>8</td>
</tr>
<tr>
<td>15. Sabarkantha</td>
<td>3</td>
</tr>
<tr>
<td>16. Surat</td>
<td>7</td>
</tr>
<tr>
<td>17. Surendranagar</td>
<td>4</td>
</tr>
<tr>
<td>18. Gandhinagar</td>
<td>1</td>
</tr>
</tbody>
</table>

Total: 78

have claimed the lion's share in regard to the number of Industrial Estates followed by Ahmedabad, and Surat. Mehsana, with 7, ranks fifth while Baroda and Bulsar with 5 each to their credit stand on par with each other. Similarly three Districts -- Banaskantha, Panchmahals and Surendranagar share equally with 4 each. Another cluster can be formed of Bhavnagar, Broach, Jamnagar, Junagadh and

Sabarkantha, which have 3 Industrial Estates each in their areas. Amreli and Gandhinagar rank last with 2 and 1 respectively.

The Corporation offers open plots and different types of sheds. Though it has evolved a sufficient variety of sheds to satisfy the requirements of most of the industries, the Corporation is willing to construct a shed of a special design to meet particular requirement of a particular industry. The plots are given on a 99-year lease with option for renewal for another 99 years.

The application for plot and shed is to be made in duplicate in the prescribed form, along with a fee of Rs.100, to the Officer of the Corporation in charge of the concerned estate, or to the Head Office. The form is scrutinised and the genuineness of the party is also verified through personal inquiry by the Divisional Office; and, recommendations are sent to the Head Office at Ahmedabad on the basis of which decision is taken as regards the allotment.\footnote{42} The party is informed about the allotment and is asked to pay up the money as per terms laid down. The party is then issued a letter of possession. Normally, the money should be paid up within one month's time. However, the practice is that the Corporation does not cancel the allotment made even for more than two years.

\footnote{42} If the application is for 10,000 Sq. mtrs. or more, it is got approved either from the Industries Commissioner or the GSFC expert.
Once the plot is allotted, the all-important condition is that the construction of building must start within a period of six months and must be completed within a period of two years. The Corporation, does, however, grant extension in genuine cases based on merit. Before commencing the construction work, the allottee will be required to submit the plans and estimates to the Engineering Branch of the Corporation for approval. The approval normally takes four to five months.

The 'simple' procedure described above is theoretically correct, yet the practice is much complicated. Primarily, as on the occasions of my personal interviews with a few plot-holder-industrialists at Vithal Udyognagar (Kaira District), I was told that sometimes the Divisional Office of the concerned estate does not have a clear idea about the number of plots vacant, their locations etc. When an application for a particular plot is made to the Divisional Office, it makes inquiries at the local office about the plot position. This sounds queer. Similarly, the Divisional Office does not supply information about the vacant plots. For some plots, which are advantageously located, if the demand comes, the applicant may be told that either they are reserved ones, or that the applications for them have already been received, or that they are allotted. These are all oral communication and even on demand nothing is ever given in writing under one or the other pretext.
Again, the experience of the industrialists of the Industrial Estate goes to show that papers sent at either the Divisional Office or at the Head Office get stuck up there. They have to be moved for expediting the work. A good deal of time is wasted in correspondence, and sometimes, the information already contained in a particular document is again asked for. For instance, the Plans drawn by different Architects may differ slightly in presentation which the Engineering Branch may not take the trouble to follow. This puts the applicant to a lot of expenses and trouble. All my communicators have said one thing that has been common, that 'you have yourself also to move with the paper if you want that your work be done quickly'.

During my field-work, I came across a case wherein, despite the allotment of plot and the subsequent payment for the price of the plot, the letter of possession was not issued to the party for a reason which had no direct relation to the matter. It was done with a view to pressurising the party from proceeding further in a particular matter against the Corporation! What a public sector approach!!

There are different terms regarding payment for plots, etc. in different estates. They differ in cases of developed areas and backward areas. Similarly, concessions are also granted in price of land in a developed area and a backward area. Ex-Army personnel and persons migrated from East African countries are governed by still different terms.
The following statement exhibits them all:

I (a) Concession in price of land in a developed area:

Concession is given to industries taking large plots and having capital investment of Rs. 30 lakhs and above:

(i) For first two hectares no concession in premium price.

(ii) Beyond two hectares and up to three hectares - 5% concession.

(iii) Beyond three hectares and up to four hectares - 7½% concession.

(iv) Beyond four hectares and above - 10% concession.

(b) Concession in a backward area:

(i) for first 1-20 hectares land: no concession.

(ii) beyond 20 hectares: 10% concession.

(iii) Ex-Army Personnel gets 15% concession in the price of land/shed.

II (a) Mode of payment in a developed area/estate:

25% of total price of shed/plot will have to be paid at the time of allotment.

75% of the amount to be paid in ten years in forty equated quarterly instalments with interest @ 11%. The rate of interest is subject to revision.

(b) Mode of payment in backward districts:

12½% of total price of shed/plot will have to be paid.
paid at the time of allotment.
At the rate of $6\%$ of total price of shed/plot
to be paid during two years in two yearly instalments.

$75\%$ of the remaining amount to be paid during ten
years in forty equated quarterly instalments with
interest @ 10%.

III Special concession in mode of payment to Ex-Army Per-
sonnel (applicable in all estates):--
$12\%$ of total price of shed/plot will have to be paid
at the time of allotment.
At the rate of $6\%$ of price of shed/plot to be paid
during two years in two yearly instalments.

$75\%$ of the price to be paid within ten years in forty
equated quarterly instalments.

IV For persons migrated from East African Countries
(applicable in areas other than Ahmedabad and Baroda):--
$6\%$ of price of shed/plot at the time of allotment.
At the rate of $6\%$ of price of shed/plot during two
years in two yearly instalments.

$81\%$ of price to be paid within remaining period accord-
ing to the developed/backward estate. Table III.9
gives a clear idea of the mode of payment for plots/
sheds/quarters of the Corporation (as on 30-9-1975).
The Corporation has also laid down the following important terms and conditions for an applicant:

(1) Over and above the price of land/shed, he will be required to pay a nominal lease rent of Re. 1 per 836.1 sq. metres (1000 sq. yds.) and other taxes of the State Government and/or Local Bodies.

(2) In the event of raising loans from financial institutions, an applicant may mortgage land for the purpose should the need arise. Similarly, land/shed can also be transferred with the permission of the Corporation.

(3) Construction work on an open plot of the applicant is expected to start within 6 months from the date of allotment and complete within two years. This period however, can be extended on merit in genuine cases.

(4) The building plans should be approved by the Engineer of the Corporation and confirm to the very simple Building conditions set up by the Corporation.

(5) The buildings/sheds should be kept insured during the hire-purchase period.

Rural Industrial Estates:

India is a country of villages. These villages are backward primarily because they have suffered considerably as a result of the development of urban economy. Rural industrialisation was almost absent for a long time until recently. The Corporation gave thought to this issue by adopting a plan for establishing Rural Industrial Estates.

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This is done with a view to making available to the rural areas, the resources and expertise possessed by the Corporation for providing to them an infrastructure for industrial development. This will not only give a new life to the rural economy but will also reduce the pressure over the industries located in the urban area. It will also reduce congestion. Under the Scheme, if a District Panchayat desires to have at least 4 sheds in a rural area and undertakes the responsibilities of the maintenance of this small estate as well as of the amount invested by the Corporation, it will construct the required number of sheds with other facilities like road, water, electric power, etc. The investment so made, along with interest at 7% p.a., will be recovered from the District Panchayat over a period of 12 years. 46

A close study of the Annual Reports reveals that only two District Panchayats — Amreli and Rajkot — have opted for the facility. According to the Corporation's own classification, however, there are 10 Rural Industrial Estates as on 30-9-1973. (Vide: Table III.10).

**Functional Estates:**

Similarly, the Corporation has, under the Government of India Employment Programme Scheme, decided to start rural functional estates for certain industries. Each such estate

46. AR(GIDC) 1969-70: p.43.
will be provided with a centre for certain common facilities. It will be equipped with heavy machines and semi-processed raw materials for the benefit of the small units established in the estates. This would reduce their financial requirement and would, therefore, enable the small entrepreneurs to make a start with very small amounts.

Six such functional estates as shown in Table III.11 have been planned by the Corporation.

Four out of these six were sanctioned during the year 1972-73, while the two already established estates at Himatnagar and Palanpur were decided to be developed as 'Functional Estates' under the GOI Employment Scheme.

The Functional Estates pose different problems and even

### Table III.11

<table>
<thead>
<tr>
<th>Place of the Estate</th>
<th>Industry</th>
<th>Total Investment by the Corporation (Rs. in lakhs)</th>
<th>No. of Factories to be set up in the first stage</th>
<th>Employment Potential (Nos.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Thangadh (Dist. Surendranagar)</td>
<td>Ceramic</td>
<td>19.12</td>
<td>116</td>
<td>200</td>
</tr>
<tr>
<td>3. Vani (Dist. Ahmedabad)</td>
<td>Powerloom</td>
<td>10.00</td>
<td>24</td>
<td>120</td>
</tr>
<tr>
<td>4. Ambaji (Dist. Sabarkantha)</td>
<td>Marble</td>
<td>10.00</td>
<td>10</td>
<td>150</td>
</tr>
<tr>
<td>5. Sankheda (Dist. Baroda)</td>
<td>Wooden furniture</td>
<td>2.80</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>6. Palanpur (Dist. Sabarkantha)</td>
<td>Diamond</td>
<td>12.00</td>
<td>15</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td></td>
<td>73.04</td>
<td>91</td>
<td>840</td>
</tr>
</tbody>
</table>

When the idea of both the Government of India and the Corporation may be genuine, it is feared, they may not achieve the desired results. This is primarily due to the fact that a common centre can never work between such a large number of industrial units as envisaged to be established. Even if we grant that many of the industrial units will be having their own machineries, their repairs and maintenance may pose

a problem. Marketing arrangement may crop up as another problem. So also, the need and the availability of expert consultancy services. It is desirable, therefore, that the Corporation also give thought to these problems and secure coordination with other Government Corporations in the State for their effective solution. The best course, I believe, would be the provision of cheap land on most reasonable terms and financial assistance in the form of machinery required by them, and the arrangement for the availability of raw materials as well as for the marketing of the finished products. True, this cannot be done by the Corporation, but it can positively act as a coordinating agency.

The different types of industrial estates are further classified as (a) Developed, (b) Developing, and (c) Sanctioned estates. A similar classification is also based on the locational aspects like (a) Urban, (b) Semi-urban and (c) Rural areas. Table III.12 exhibits the classification from the different angles.

Gujarat enjoys the top ranking position in regard to the Diamond Industry in the country. Looking to the employment potential of the Industry, the Corporation has now decided to take special measures for its development. It will provide (i) the required type of sheds for the Industry and (ii) the housing tenements for the workers. The Corporation will also give guidance to 200 experienced and educated
### Table III.12

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Urban</th>
<th>Semi Urban</th>
<th>Rural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Back-</td>
<td>Other</td>
<td>Total</td>
<td>Back-</td>
</tr>
<tr>
<td></td>
<td>ward</td>
<td>Areas!</td>
<td></td>
<td>ward</td>
</tr>
<tr>
<td>1. Developed</td>
<td>17</td>
<td>18</td>
<td>35</td>
<td>3</td>
</tr>
<tr>
<td>Estates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Developing</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Estates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Sanctioned</td>
<td>2</td>
<td>9</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Estates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>30</td>
<td>52</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Urban = More than 30,000 Population.
Semi Urban = Upto 30,000 Population.
Rural = Less than 10,000 Population.

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individuals for establishing factories, and will arrange the supply of machinery, finance and sheds with the cooperation of other institutions of the State. It has also decided to set up a special cell to look after the development of the Industry and to establish an industrial estate for the Industry by acquiring 40 hectares of land in Surat District.

Again, the Corporation has now been implementing the Diamond Entrepreneurs Scheme under the 'Half-a-million job programme of the Government of India. Under the Scheme, the Corporation will help 360 diamond entrepreneurs to set up their own factories by giving 100% loans for sheds and land. Machinery and Working Capital will be arranged from banks.

These 360 diamond entrepreneurs will train 1,440 educated unemployed in their units during the year 1973-74 and on completion of the training they will be absorbed in the same units.

The diamond units will be established at Surat, Navsari, Bhavnagar, Vsnagar and Ahmedabad.

It is envisaged that the Scheme will provide 1,800 job opportunities for educated unemployed during 1973-74.\textsuperscript{50}

The Corporation also organised Conferences, as under, to find out the types of assistance expected for the development of important industries in the State and the role which it

\textsuperscript{50} Ibid: p.VII.
can play for the same:—

(1) Ceramic Industry at Surendranagar.
(2) Foundry Industry at Ahmedabad.
(3) Plastic Industry at Baroda.

Special Technicians Scheme:

The Corporation, in collaboration with Gujarat Industrial Investment Corporation Ltd., the Gujarat State Financial Corporation and the State Bank of India, has evolved a Scheme to help qualified and enterprising technicians with no financial resources to set up their own industrial units. The Corporation provides developed land or sheds to a technician with no advance payment for the first 3 years except interest at 4½% per annum and easy instalments thereafter, spread over 9 years at 9% rate of interest. The other three bodies, viz., GIIC, G$FC and the SBI provide financial assistance for machinery and capital on easy terms. The benefit of this Scheme is also extended to self-made artisans working in small towns.

321 technicians have availed of the Scheme since its beginning in 1968-69. The yearwise allotment is exhibited in Table III.13.

Three changes as detailed out in Table III.14 were made in regard to the period of payment of the land.

### Table III.13

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Technicians availing the benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968-69</td>
<td>26</td>
</tr>
<tr>
<td>1969-70</td>
<td>33</td>
</tr>
<tr>
<td>1970-71</td>
<td>128</td>
</tr>
<tr>
<td>1971-72</td>
<td>80</td>
</tr>
<tr>
<td>1972-73</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>321</strong></td>
</tr>
</tbody>
</table>

### Table III.14

<table>
<thead>
<tr>
<th>Year</th>
<th>Period of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968-69</td>
<td>12 years</td>
</tr>
<tr>
<td>1969-70</td>
<td>12 years</td>
</tr>
<tr>
<td>1970-71</td>
<td>10 years</td>
</tr>
<tr>
<td>1971 onwards</td>
<td>9 years</td>
</tr>
</tbody>
</table>

While the Annual Reports are silent about the factors responsible for such frequent changes, there does not seem to be any justification for them.

Again, the general opinion of the beneficiaries is that the main idea behind the collaboration of the Corporation is that of easy recovery of instalments directly from the loans granted to such technicians by the GIIC. The Corporation, it is said, does not show the courtesy of at least intimating to the Technicians that this has been done.

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53. Ibid.
This is definitely not a desirable policy as it topsyturvis the financial budget and plan of the party concerned.

**Entrepreneurship Development Programme:**

To generate a continued supply of new young entrepreneurs in the State from April 1970, the Corporation has pioneered and implemented the EDP in collaboration with the Gujarat Industrial Investment Corporation Ltd., the Gujarat State Financial Corporation and the Gujarat Small Industries Corporation Ltd. Under the Programme, every 3 months, 50 selected employees, workers, merchants, graduates and salesmen are trained, guided and motivated to set up their own small scale units.54

446 such selected individuals were trained under the Programme till September, 1973, out of which 132 have already set up their own factories and 69 more are, reportedly, about to do so in the near future. The training is now imparted at various centres including Ahmedabad, Baroda, Surat, Bhavnagar, Mehsana and Rajkot.55

The Corporation, in addition to this service, is also operating the Central Government's Scheme for self employment of the educated unemployed. Under the Scheme, those who have passed S.S.C. or above but who are unemployed will be given training and guidance followed by assistance for

self-employment in manufacturing or service industries, or in the field of sales. The Scheme is handled by the Corporation in collaboration with the other Corporation of the State.

A similar other Scheme — the New Entrepreneur Scheme, where the Corporation is also a partner, is discussed under GSFC.

All these efforts of the Corporation have fructified as under:

As on 30-9-1973, there were 1,177 Industrial Units, as presented in Table III.15, which had gone into production, employing 26,598 persons. A majority of them, viz., 1,145 (97%) belonged to the category of Small Scale Units and only 34(3%) were other units. They shared the employment between them in the proportion of 71:29.

Again, a large part of them were concentrated at six industrial estates. Thus, Naroda topped the list with 143 units, followed by Vatwa 112, Vapi 103, Odhav 101, Vithal Udyognagar 85 and Makarpura 80.

An analysis of the districtwise dispersal of a good number of them, however, brings out a different picture as can be seen from Table III.16.

Mechanical Engineering units occupy the first rank with 456 firms (38.8%) of the total), while the Chemical Industries enjoy the second position with 145 firms (12.3%). The third rank goes to the Textiles Industry which have 99
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of Industry</th>
<th>No. of Units</th>
<th>No. of persons employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Engineering</td>
<td>456</td>
<td>8,604</td>
</tr>
<tr>
<td>2.</td>
<td>Chemical Product</td>
<td>145</td>
<td>2,518</td>
</tr>
<tr>
<td>3.</td>
<td>Textiles</td>
<td>99</td>
<td>2,444</td>
</tr>
<tr>
<td>4.</td>
<td>Plastics</td>
<td>98</td>
<td>2,744</td>
</tr>
<tr>
<td>5.</td>
<td>Electrical Engineering</td>
<td>76</td>
<td>2,651</td>
</tr>
<tr>
<td>6.</td>
<td>Non-metallic Products</td>
<td>41</td>
<td>838</td>
</tr>
<tr>
<td>7.</td>
<td>The containers, hardware articles</td>
<td>37</td>
<td>427</td>
</tr>
<tr>
<td>8.</td>
<td>Paper and Paper Products</td>
<td>32</td>
<td>370</td>
</tr>
<tr>
<td>9.</td>
<td>Rubber and Rubber Products</td>
<td>30</td>
<td>876</td>
</tr>
<tr>
<td>10.</td>
<td>Allied Agriculture</td>
<td>28</td>
<td>840</td>
</tr>
<tr>
<td>11.</td>
<td>Furniture and Fixtures</td>
<td>21</td>
<td>225</td>
</tr>
<tr>
<td>12.</td>
<td>Printing and Publishing</td>
<td>18</td>
<td>241</td>
</tr>
<tr>
<td>13.</td>
<td>Food</td>
<td>16</td>
<td>471</td>
</tr>
<tr>
<td>14.</td>
<td>Aluminium Utensils</td>
<td>15</td>
<td>141</td>
</tr>
<tr>
<td>15.</td>
<td>Ice Plant and Cold Storage</td>
<td>14</td>
<td>266</td>
</tr>
<tr>
<td>16.</td>
<td>Glass</td>
<td>12</td>
<td>881</td>
</tr>
<tr>
<td>17.</td>
<td>Pharmaceuticals</td>
<td>12</td>
<td>227</td>
</tr>
<tr>
<td>18.</td>
<td>Pesticides</td>
<td>6</td>
<td>90</td>
</tr>
<tr>
<td>19.</td>
<td>Ceramics</td>
<td>5</td>
<td>181</td>
</tr>
<tr>
<td>20.</td>
<td>Fertilisers</td>
<td>5</td>
<td>65</td>
</tr>
<tr>
<td>21.</td>
<td>Leather and Leather Products</td>
<td>3</td>
<td>69</td>
</tr>
<tr>
<td>22.</td>
<td>Tarpolin Manufacturing</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>23.</td>
<td>Dairy</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>24.</td>
<td>Beverage</td>
<td>1</td>
<td>108</td>
</tr>
<tr>
<td>25.</td>
<td>Soap Manufacturing</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>26.</td>
<td>Hospital Equipment Manufacturing</td>
<td>1</td>
<td>49</td>
</tr>
</tbody>
</table>

56. AR(GIDC) 1972-73: p.44.
firms (84%). Plastics can be placed in the fourth position, followed by Electronics including Engineering Industry with 98 (8.3%) and 76 (6.5%) firms respectively.

**Godown facility:**

The Corporation also offers 20'x20' size pucca godowns within the industrial estates at a rent of Rs. 115/- per month. The godowns are also offered on lease on the same terms as sheds and plots for the warehousing needs of industrialists or transport contractors. There is also a practice of obtaining deposit amounts from the parties desiring the facility of pucca godowns.

While the idea to provide the godowns at the industrial estates of the Corporation may be appreciated, the practice followed in regard to the collection of deposit amounts and their subsequent refund is far from satisfactory, not

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is it desirable. The practice, as it stands now, requires the deposit and rent to be paid at the local office of the estate, wherefrom a Kuchha receipt is issued. It may be interesting to note that Kuchha receipt is kuchha in all respects as they are issued on plain papers bearing only a small stamp at the end of the receipt, which is affixed by the person issuing the receipt. While the local offices are not manned with a cashier, the person who is authorised (this is, again, a matter of convention rather than an issue of regular letter of authority to anybody!) to collect the amount in this way is neither insured from fidelity point of view nor supplied with a cash box wherein the hard cash and cheques could be safely kept. These moneys are required to be deposited with the Divisional Office under which the estate has been placed. Here too, the normal practice is that the person collecting the amounts goes personally to the Divisional Office and deposits them. Apart from the cost involved in the practice, due consideration should also be given to the risk factor. And still, unfortunately, the Corporation has not evolved any set pattern in this regard. 58

Moreover, on depositing the cash/cheque, the pucca receipts will be issued by the Divisional Office. Hence, the demand for refund has to be made at the Divisional Office, which, too, delays the refund. My field work has revealed

58. Based on Personal Interview.
that industrialists, who availed of the godown facility, had not been able to obtain the refund of the deposit for even over six months, despite repeated reminders. (Incidentally, I was informed during my on-the-spot study that the Divisional Office was not in the habit of replying to letters!) **Industrial Housing:**

The idea and the object of establishing industrial estates provided with the basic infra-structure facilities would be defeated if arrangements are not made to provide the basic requirement of the workers -- the shelter. A total absence of residential accommodation for them or its availability at an exorbitant rent leaving much less for their survival, or its existence at a long distance from the work-places may lead to large turnover of the workers with all its possible consequences not only for the employers but also for them. Again, in a socialistic pattern of society, it is essential that industrialisation is accompanied by welfare measures like planned industrial townships, houses for workmen, shopping and entertainment centres, hospitals, schools, post offices, etc. at places where they stay and work. A policy of setting up housing colonies for workmen and supervisors is, therefore, an essential step towards planned industrial development.

Since its inception, the Corporation has set before itself, not only the object of setting up the industrial
estates but also the larger object of establishing independent industrial townships. However, during the first six years of its working, the Corporation did not undertake any programme for the construction of houses for industrial workers as it was hoped that the concerned industrialists or other specialised bodies like the Gujarat Housing Board would take up the task. The problem was also not seriously felt till 1968 as the Corporation had not extended its activities to remote areas of the State. But now, with an all-directional development of industries and the lack of capacity and resources of the nearby villages to absorb the new labour force, the Corporation has realised that, without providing housing facilities to labourers, the development of industrial areas would certainly be hampered.

Again, while the need for providing good houses to labourers is too obvious, the problem of providing a house which is within the economic capability of the labourer is one which bristles with a number of difficulties. Paucity of funds has been one such major difficulty. As a matter of fact, the Corporation seriously suffered on this account for two years, -- 1970-71 and 1971-72, when it could not undertake any activity in this direction.

The Corporation has a comprehensive plan for construction of nearly 3,500 residential premises for industrial employees at a total cost of around Rs. 3 crores. It has
drawn up plans for three different types of houses designated as A, B and C types. The workers' tenements are 'C' type, while for the clerical and the supervisory staff, A and B type quarters are provided. The design for the workers' quarters has been selected from the ones presented by the Architects and Engineers in response to a competition arranged by the Corporation on an all India basis. The details about the three types of quarters are presented in the Table III.17.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>'A' Type</th>
<th>'B' Type</th>
<th>'C' Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living Room</td>
<td>320 x 340 cm.</td>
<td>280 x 330 cm.</td>
<td>274 x 350 cm.</td>
</tr>
<tr>
<td>Bed Room</td>
<td>320 x 440 cm.</td>
<td>280 x 500 cm.</td>
<td>245 x 319 cm.</td>
</tr>
<tr>
<td>Kitchen</td>
<td>320 x 210 cm.</td>
<td>280 x 210 cm.</td>
<td>245 x 213 cm.</td>
</tr>
<tr>
<td>Verandah</td>
<td>310 x 210 cm.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balcony</td>
<td></td>
<td>280 x 210 cm.</td>
<td>308 x 106 cm.</td>
</tr>
<tr>
<td>Bath</td>
<td>190 x 140 cm.</td>
<td>100 x 200 cm.</td>
<td>202 x 106 cm.</td>
</tr>
<tr>
<td>W/c.</td>
<td>120 x 30 cm.</td>
<td>90 x 120 cm.</td>
<td>106 x 106 cm.</td>
</tr>
<tr>
<td>Duct</td>
<td>80 x 70 cm.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Carpet area (approx.)</td>
<td>About 527 sq. ft.</td>
<td>418 sq. ft.</td>
<td>335 sq. ft.</td>
</tr>
<tr>
<td>Total plinth area</td>
<td>About 720 sq. ft.</td>
<td>558 sq. ft.</td>
<td>450 sq. ft.</td>
</tr>
</tbody>
</table>

The houses built by the Corporation would be allotted to the industrialists in that area on easy hire-purchase terms.

60. Ibid: pp.4-6.
The terms have been made liberal to enable them to make housing available to their workmen at reasonable costs. The cost of such houses would be recovered in small half-yearly installments on the basis of a monthly hire-purchase amount fixed for each tenement.

The details of the housing tenements constructed up to 30-9-1973, at various industrial areas, are presented in Table III.18 to present a clear view of the progress made by the Corporation in this regard.

Table III.18

<table>
<thead>
<tr>
<th>Name of the Estate</th>
<th>Sanc-</th>
<th>Cons-</th>
<th>Allot-</th>
<th>Reserved</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>tioned</td>
<td>trusted</td>
<td>ted</td>
<td></td>
<td>Earmarked</td>
</tr>
</tbody>
</table>

1. Ahmedabad Dist.
   - Naroda 126 - - - -
   - Odhav 126 - - - -
   - Vatwa 26 26 3 - 23.

2. Baroda Dist.
   - Malarpura 250 150 150 - -
   - Nandesari 64 64 64 - -
   - Petro-Chem. Complex 270 170 158 12 -

   - Bulsar 74 48 45 0 3
   - Vapi 470 470 452 - 18
   - Umbergam 170 112 101 - 11

4. Bhavnagar Dist.
   - Chitra 100 - - - -

The Table III.18 reveals two important points: One. Out of the 18 districts in which the industrial estates have been established, only 50% have been selected for the provision of industrial housing. Two. Only 7 out of a total of 15 industrial estates have been provided with actual housing tenements. Thus, as against 1,970 sanctioned houses, only 1,040 have been constructed and, that too, mainly in two districts -- Baroda (484) and Bulsar (630). Again, it seems a little queer that at Vatwa industrial estate in Ahmedabad District out of 26 constructed tenements, only 3 have been allotted and 23 are still available. Fortunately, the same trend is not present in other districts where a number of housing tenements are already constructed. Otherwise, that would have meant idle investment of large funds.
Observations:

A few observations about the working of the Corporation may prove to be instructive.

(1) While the Corporation has gone on establishing a number of industrial estates at different places, it has not looked at the developmental aspect of the old ones. Thus, even after 9 years of the establishment of Vithal Udyognagar, the Corporation has not made arrangements for drainage, road lights, approach roads, etc. Disposal of sewage has not been thought of. Even if it is accepted that this is the business of the concerned industry, is it not the duty of the Corporation at least to make arrangement and charge the industry reasonably? There are so many other facilities which the Corporation is supposed to provide, but it takes so much time that the entrepreneur gets tired of the correspondence exercise and he makes his own arrangements. In certain cases, the Corporation has also authorised the concerned industrialist to make his own arrangements and bill the Corporation. The experience of a good many of them shows that it is a hard nut to crack when such moneys are to be recovered from the Corporation. One such facility which the Corporation is supposed to provide is of the construction of culverts between the road and the plots to enable the holders to have an approach to their plots. There is an instance wherein the party
was asked to make his own arrangements and bill the Corporation. The party, accordingly made the arrangements, but has not been able to recover the amount after 3½ years' time and with more than a dozen letters and a number of personal visits. Surprisingly, there are a few plots where two culverts have been provided for an approach to the plot!

(2) One of the important conditions laid down for a plot-holder is to start the construction work within six months and complete it within 2 years. It seems, this is simply a paper-provision. I have been told that there are plots in which no construction work has been done for the last four years, and some of the parties have been paying the instalments, but nobody has so far bothered about them! (A similar observation has been made by the Committee for Public Enterprises in their Second Report (GIDC) submitted to Third GLA (July 1969)). Two interpretations may be made: One. The Deputy Engineer in charge of the Estate either did not visit the estate or has not reported this fault. Two. There are no regular inspections either by the Divisional Office or by any authority in this regard. While there may not be any serious objections against this, the Corporation should make it sure that the party does not wish to take advantage of the rise in prices of the land.
(3) An other important issue: The Corporation is a public sector body and, therefore, supposed to function on a 'no profit no loss' principle. An examination of the prices charged by the Corporation from the plot holders tells a different story. Take, for instance, Vithal Udyognagar, Industrial Estate, again.

The Corporation charges a premium price, i.e., cost of land plus cost of infrastructure added to land. Till this stage it is alright. But, with the passage of time, the Corporation has not only enhanced the prices but also found out other tricks to charge more. Thus, in the beginning i.e., in 1965-66, the price charged was Rs. 5 + Rs. 2 = Rs. 7 per sq. yd., Rs. 2 being the 'Development charge'. This was merged in 1969 and Rs. 7 was charged flat per sq. yd.

In 1971, the Corporation found out the 'Frontage' charge, i.e. those plots which were in front of the roads inside the estate were charged 15% extra on the total price of land; those plots which were located on the corner of a crossing of two roads were levied 25% extra.

As if this was not sufficient, Rs. 9 per sq. yd. was fixed for those plots which were in the forefront of the entrance and, since 1973, those which were sold Rs. 7 per sq. yd. are now costing Rs. 12 per sq. mt. and those costing Rs. 9 are charged Rs. 16 per sq. mt.
There is a seething criticism levelled against the GIDC that the prices are discriminatory and/or exorbitant. Let us think of all these in the background of the price paid for acquiring the land. The maximum price paid is Rs. 1.50 per sq. yd. Allowing very generously for the cost of development of the land the criticism is indeed justifiable. Most of the development of the land had been completed by 1969. It is true that the price has to be fixed up in the initial stage, consideration must be given to the cost of development, etc. Also, even though the prices of the materials have gone up, and the administration and other staff have considerably increased, there does not seem to be any justification for 75% rise in the price of the land per sq. mt.

Similarly, the Corporation has levied betterment charges and service charges. The industrialists' contention is that neither any betterment has been done nor has any extra service been provided and, therefore, they are not prepared to bear this extra burden. The problem has been put before the Corporation by the Industries Association.

The Corporation seems to have learnt through experience. While there cannot be any objection to this type of process of learning, the basic problem is that of the cost involved. As a consequence those who purchased the plots during the
time when the Corporation came into being benefitted in a variety of ways. Because of irregular and non-systematic filing system many time papers were not traceable. Frequent transfers of the officials added to this mess. Even the technical personnel did not seem to have taken adequate precautions to safeguard the interests of the Corporation. It has been found that in one case a party had occupied more land than allotted without any extra payment! Similarly, water bills running into large amounts were found to have been settled at unimaginably lower sums!

The Corporation should, therefore, evolve a system whereby a surprise check once in a year is undertaken not only of the entire industrial estates but also of the local offices. A close coordination between the industrialists and the Head Office can resolve a number of problems. It is contended by a number of industrialists of the Estate that no one comes to see anything here. If some one does come, he sees one or two big units, has a good feed and goes away. The Corporation should make special efforts to take this view out of the minds of the small industrialists and a liaison should be established.

All these observations lead to a simple conclusion. The Corporation should put a temporary but complete stop to its activity of establishing new industrial estates particularly when it cannot efficiently look after the
industrial estates in existence. Consolidation rather than expansion should be the Credo. Administrative machinery needs to be well planned and reorganised. Regular periodical visits by the top ranking officers of the Corporation should form a part of their administrative duty. They should meet people, hear them and try to redress their grievances instead of allowing them to accumulate. There are problems even between industry and industry, which can be solved only by these top level people. Let the entire house with its present assets and liabilities -- not in monetary terms -- only be set in order for some period. Let there be a planned recess before launching new industrial estates or new schemes/programmes.

Capital and Finance:

The nature of the activity undertaken by the Corporation warrants the need for a very big amount of capital. This need has grown in size from year to year as more and more developmental functions are undertaken by it. Consequently, therefore, no single body or agency has been able to quench the financial thirst of the Corporation. This has resulted in the Corporation's efforts in tapping all possible sources for procuring the required finance.

The Corporation started its career with the funds received from the Government by way of advance/loans repayable in certain fixed instalments. The other capital receipts
which contributed to the funds of the Corporation, consisted of the premia and small amounts received by way of rent for the leased plots. Thus, unlike other Corporations of the State, this Corporation has not been provided with a particular fixed capital. But the amount provided by the Government did not suffice for the requirements of the Corporation. It was, therefore, authorised during 1966-67, by the Government to resort to borrowings from the open market by raising public loans. Since then, this seems to have almost been a regular practice with it and, barring the year 1970-71 (Vide: Table III.19), borrowings under this head have been done every year. Similarly, the Corporation, with a view to developing certain industrial areas, involved banks also by borrowing from them. Though this practice was started with a meagre sum of Rs. 5 lakhs in 1968-69, it has progressively risen during the subsequent years as can be seen from Table III.19. Can this rise be attributed to the birth of brotherly (or sisterly?) feelings as a result of the nationalisation of banks? The other financial bodies have also not lagged behind; GIIC and LIC have contributed their mite to the financial pool of the Corporation, though to a negligible extent. And, finally has come the Government subsidy for industrial estates in the backward area.

Table III.19 gives a clear picture of the various sources and their size till 30-9-1973.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Loan</td>
<td>13.95</td>
<td>13.30</td>
<td>46.18</td>
<td>45.48</td>
<td>33.95</td>
<td>24.05</td>
<td>88.47</td>
<td>296.11</td>
<td>219.75</td>
<td>73.96</td>
<td>855.20</td>
</tr>
<tr>
<td>Public Loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans from Banks (Guaranteed by Govt.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans from GIIC and LIC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
<td></td>
<td></td>
<td>166.00</td>
</tr>
<tr>
<td>Capital receipts including deposits from plots, sheds &amp; misc. revenue receipts</td>
<td>0.01</td>
<td>0.04</td>
<td>5.42</td>
<td>7.85</td>
<td>13.53</td>
<td>19.81</td>
<td>39.96</td>
<td>152.10</td>
<td>244.78</td>
<td>220.00</td>
<td>155.39858.89</td>
</tr>
<tr>
<td>Government Subsidy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>73.16</td>
</tr>
<tr>
<td>Total</td>
<td>13.96</td>
<td>13.34</td>
<td>51.60</td>
<td>105.45</td>
<td>124.08</td>
<td>155.88</td>
<td>655.92</td>
<td>533.21</td>
<td>867.28</td>
<td>674.87</td>
<td>350.393545.93</td>
</tr>
</tbody>
</table>

* Loan from LIC.

An examination of the Expenditure Pattern of the Corporation shows that there are three principal outlets of the financial resources. They are (a) land, (b) development, and (c) construction of sheds, quarters, etc. Table III.20 gives the break-up of the figures against these heads.

Table III.20

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>1.30</td>
<td>1.06</td>
<td>2.33</td>
<td>2.05</td>
<td>1.71</td>
<td>0.50</td>
</tr>
<tr>
<td>Development</td>
<td>1.28</td>
<td>0.76</td>
<td>1.18</td>
<td>1.69</td>
<td>1.64</td>
<td>0.76</td>
</tr>
<tr>
<td>Sheds</td>
<td>0.49</td>
<td>1.96</td>
<td>3.02</td>
<td>2.39</td>
<td>0.82</td>
<td>1.25</td>
</tr>
<tr>
<td>Total</td>
<td>3.47</td>
<td>3.78</td>
<td>6.53</td>
<td>6.13</td>
<td>4.17</td>
<td>2.51</td>
</tr>
</tbody>
</table>

An analysis of these figures goes to show that it is particularly after the year 1969 that the activities of the Corporation have gathered momentum. Again, up to the year 1968-69, land claimed 42.3% of the expenditure followed by the Development with 41.7%. The expenditure on construction of sheds had a share of only 16.0%. This trend has been reversed in the subsequent years. While expenditure against Land works out to 28.0% in 1969-70, 35.7% in 1970-71, 35.4% in 1971-72 and 41.0% and 19.9% in 1972-73 and until September

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1973, respectively, the corresponding figures against expenditure on Sheds are 51.9%, 46.2%, 39.0%, 19.7% and 49.8%. Obviously, the share of Development expenditure has gone down as a consequence of this trend. Thus, at the end of September 1973, out of the total capital expenditure of Rs. 26.19 crores, the expenditure on Sheds ranks first with 37.9% followed by Land with 34.2%. Development expenditure ranks last with 27.9%.

An analysis of the Districtwise capital expenditure tells a story of fluctuating fortunes. A district which stood at position number 1 had to move to position number 3 and vice versa. Table III.21 tells the same tale.

Management:

Sec. 4 of the Gujarat Industrial Development Act, 1962, provides for the constitution of the Corporation as follows:--

'(1) The Corporation shall consist of the following (twelve) members, that is to say--

(a) (three) official members nominated by the State Government, of whom one shall be the Financial Adviser to the Corporation;

(b) one member nominated by the State Electricity Board constituted under the Electricity (Supply) Act, 1948.

(c) one member nominated by the Gujarat Housing Board constituted under the Gujarat Housing Board Act, 1961.

(d) (six) members nominated by the State Government from
amongst persons appearing to it either to be qualified by reason of experience of, and capability in, industry or trade or finance or to be suitable to represent the interests of persons engaged or employed therein; and

(e) the Chief Executive Officer of the Corporation, ex-officio, who shall also be the Secretary of the Corporation.

(2) The State Government shall appoint one of the members of the Corporation to be Chairman of the Corporation and may appoint one of the other members as Vice-Chairman. 64

Thus, the Corporation has six official members and six non-official ones. Though it has not been specifically laid down, the convention has been that a non-official member is appointed as the Chairman. 65 Again, the observation that the ruling party members/sympathisers are nominated on the Corporation, holds true here, too. Though Clause (d) of Sec. 4 of the Act has laid down the qualifications for appointment, the practice has been to interpret it in a way favourable to the State Government. A study of the Annual Reports of the Corporation reveal that the qualifications laid down under the above-mentioned Clause was regularly overruled. (The Corporation, until 1969-70,


65. The convention is broken by the recent appointment (Feb."74) of Shri L.R.Dalal I.C.S. who was, till his present assignment, the Chief Secretary of the State.
used to give designations, etc. of the members which enabled one to find out the field of activity of a member. Since this has been discontinued, it imposes a serious limitation on a researcher to make any observation.) This led to a very peculiar situation during 1968-69 to 1971-72 when the Corporation was almost flooded with very big persons. There were, for instance, three Chairmen of different public sector Corporations/Board -- GMDC, GEB AND GHB, one Mayor (Baroda Municipal Corporation) and one President of District Panchayat (Bulsar District). It could thus be better described as "Chairmen's Corporation"! Still more queer was the fact that the Government did not think of nominating/associating the Chairmen of those Corporations with which the Corporation was working in close collaboration in a number of projects and schemes -- the GIIC, GSFC and GSIC--on/with it. Viewed from the collaboration angle, it would have been in the fitness of things if the State Government nominated their Chairmen on the Corporation.

It may be interesting to note that the size of the Corporation underwent two changes since it was formed in 1962. Thus, it consisted of 7 members until 1968, when the number was raised to 10. The Corporation worked with that number only for one year and then the total membership was raised to its present size of 12. These data are presented also with a view to bringing out a flaw which has crept in--and which still continues to exist. My field-work has
revealed that even when the size of the Corporation has been expanded, no corresponding change in the size of Quorum has been brought about. It, very strangely, still continues to be three! And probably this has further resulted in the occasional anomaly in that such a big Corporation had only 7 members on 31st March 1973, with no Chairman. The size had further thinned out to only 4 including the Chief Executive Officer of the Corporation. Incidentally, the rest of the three members were all officials.

In addition to the Corporation Board, there are (i) Standing Sub-Committee, (ii) Advisory Committees for various industries, and (iii) Regional Advisory Committees. All these limbs help the Corporation in extending its service to a large number of the clients. The Corporation does resort to the inclusion of outside experts as members on these Committees.

The network of the activities of the Corporation is stretched far and wide within the boundaries of the State. For an efficient and effective control, the Corporation has divided the State in four regions — Ahmedabad, Baroda, Surat and Rajkot — each region being placed in charge of a Regional Manager. Regions are further divided into divisions and sub-divisions. The Divisions are headed by Executive Engineers, while Dy. Engineers look after the sub-divisions.

66. AR(GIDC) 1972-73: p. no. not given.
Minerals play an important role in industrial development. They can be advantageously used for a variety of purposes. However, it is difficult to find them out as they are hidden in the womb of the earth. Geological surveys and studies may be helpful; but they have their own limitations, as it is always a matter of groping in the dark. One cannot be sure of both, the quantity and quality which would be available. Such limitations, however, should not come in the way of mineral development and a country must take the risk.

Again, the process of excavating the minerals require large financial resources. And, if left to the private enterprise, the development of minerals may either be retarded or belated. Therefore, it has been thought proper to undertake exploration of minerals by the State agency. Gujarat Mineral Development Corporation, came into being to exploit and develop the mineral resources of the State.

The State Directorate of Geology & Mining is undertaking detailed survey and exploration of minerals besides the preliminary surveys and prospecting of some of the important minerals that is being undertaken by the Geological Survey of India to unearth the hidden mineral wealth for profitable exploitation. The role of Gujarat Mineral Development Corporation begins after a sufficiently large, promising and
economic mineral is located. It takes up the development of commercially exploitable minerals having strategic importance and requiring large capital investment. 68

Fortunately, nature is bountiful in endowing the State with a vast mineral potential. Oil and natural gas have been found in Gujarat and have given it a place of prise on the mineral map of India. The other important sizeable minerals found in the State are fluorspar, lead, zinc and copper, lignite and siderite, lime-stone, dolomite, bentonite, fire-clay, china-clay, agate marble and gypsum.

Gujarat Mineral Development Corporation Ltd., was registered on 15th May, 1965, as a Private Limited Company under the Indian Companies Act 1956. It was converted into a Public Limited Company from July 1971 69 to enable it to (a) raise its authorised capital, and (b) borrow funds from the banks and other financial institutions.

Working:

Glass Sand Project:

The Corporation started mining of sand-stone from 6th February 1965 70 after obtaining possession of Mining Lease over 77 acres of silica-sand in village Vavdi in Chotila Taluka of Suredranagar District on 20th August 1964. It

69. Ibid.
70. AR(GMDC) 1964-65: p.2.
also planned, during the same year, to import complete Crushing and Screening Plant from France but could not do so because of foreign exchange difficulties. It may be worthwhile to note the relevant developments. The application for import licence was made on 27th January 1965 and was rejected by the Chief Controller of Imports and Exports during the year 1965-66.\textsuperscript{71} It took one more year for the Corporation to find out a party for the supply of a suitable indigenous silica stone Crushing, Grinding and Screening Plant for mechanising the process to have various mesh sizes and to augment production. The plant was ultimately erected and commissioned in May 1969.\textsuperscript{72} Thus, for more than four years, the Corporation carried on the processing under manual labour method with all consequential losses in quality and quantity of production. Had the Corporation thought of saving hard-earned foreign exchange of the country from the very beginning, it could have saved a lot of time on this account.

**Fluorspar Project:**

Another project which the Corporation has undertaken in that of Fluorspar at Ambadungar mines located in Chhotaudepur Taluka of the Baroda District. A substantial deposit of about 11.6 million tonnes has been estimated with an average 25 to 30\% calcium fluoride (CaF\(_2\)).\textsuperscript{73} In order to

upgrade this mineral to 92 to 96% CaF2, the Corporation has set-up a Fluorspar Beneficiation Plant at village Kadipani at a distance of about 4 kms. from Ambadungar mines. This plant is the first of its kind in India and the largest in Asia established and commissioned with indigenous know-how, indigenous equipments and with the help of Indian engineers.\textsuperscript{74}

The Plant produces two grades of calcium fluoride, viz., metallurgical grade and acid grade, which are in great demand by the metallurgical industry for use as a flux in the production of basic open-hearth steel and other metallurgical operations such as the smelting of copper and lead ores, and by the chemical industry for the production of hydro-fluoric acid, elemental fluorine and fluorides. Its another important use is found in the manufacture of artificial cryolite which, in turn, is used in reduction of alumina to metallic aluminium.

With a view to agglomerating metallurgical grade fluorspar powder into briquettes, the Corporation has installed and commissioned a briquetting plant which has been imported from Japan at a cost of Rs. 9,69,000.

The Fluorspar Beneficiation Plant had to face certain problems. For instance, since taking over the Plant from the contractor, highly silicious nature of the fluorspar ore caused heavy wear and tear as well as breakdowns in certain parts of the Plant, particularly in crushing and

\textsuperscript{74} Ibid.
Again, the process know-how flow-sheet supplied by National Metallurgical Laboratory, Jamshedpur, could not straightway give acid and metallurgical grade fluorspar as laid down therein and therefore many modifications in flow circuit, use of reagents, etc. had to be made on the basis of fresh laboratory tests undertaken in the ore-dressing laboratory of the Corporation as well as under the trial and error method. Similarly, the presence of phosphorus pentoxide in the acid grade concentrate posed a serious problem. This was noticed for the first time in April 1971. The Corporation had to rush down to National Metallurgical Laboratory, Indian Bureau of Mines, Nagpur, Regional Research Laboratory, Jorhat, and National Chemical Laboratory, Poona, to find out the possibilities of depressing the phosphorus pentoxide. It was, however, the Corporation's Ore Dressing Laboratory which was able to develop a reagent to depress phosphorus pentoxide from 1.7% to 0.1% to 0.2%. Hardness of water raised another problem and caused difficulties in improving the concentrate grade to over 96%. The Corporation had, therefore, to install a plant for softening of water costing around Rs. 1,86,555. Further, a major technical problem that cropped up before the Corporation was that the process as recommended by the

77. Ibid.  
78. Ibid: pp.7-8.
Consultants to the project was not found to yield the required productivity. The fluorspar is beneficiated to produce acid and metallurgical grades. The recommended process was found incapable of yielding acid grade. This problem could be overcome, again, at the local level by the technical officers of the Corporation by making certain changes and evolving a process that would give the acid grade and metallurgical grade.

In addition to these technical problems, the Corporation had also to face certain administrative and red-tape type difficulties in regard to the fluorspar project. The Corporation applied for the Mining Lease on 10th December, 1963, but the Government took nearly one year to grant it. It was granted on 7th December 1964. The Geological Survey of India which commenced the survey of the Ambadungar area in 1961 and had completed it in June 1964 made available its Report to the Corporation after 11 months in May 1965. Thus, till the end of 1964-65, the Corporation had neither any geological data nor a feasibility report with it. Similarly, to meet the accelerated excavation, blasting and drilling, the Corporation, having already pressed into service all the ten dumpers it had, was in need of four loaders for loading fluorspar ore into dumpers.

The Corporation applied for an import licence for them during 1968-69\textsuperscript{82} and, despite the best and continuous efforts, could procure it only in the year 1970-71.\textsuperscript{83}

When all the problems were solved and the Corporation could attain its set target of fluorspar production, the accumulation of stocks proved to be a headache. The reasons, as reported by the Corporation in its 9th Annual Report, hardly need any elaboration or comment about the working of the governmental machinery. The accumulation of about 10,000 tonnes of beneficiated metallurgical grade fluorspar was mainly due to the following reasons:\textsuperscript{84}

(i) The Ministry of Mines and Metals, Government of India estimated the requirement of metallurgical grade and acid grade fluorspar for the year 1971-72 at 40,000 tonnes and 20,000 tonnes respectively, whereas the actual requirement as assessed by the said Ministry in the meeting of the consuming industries held in February, 1971, figured 10,000 tonnes and 12,000 tonnes respectively.

It was indeed most queer that the same two estimates — wide off the mark — during the same year! But could it not have been a wise step on the part of the Corporation itself to have a mini-market survey? Or, could it not collect the figures of fluorspar consumption earlier during

\textsuperscript{82} AR(GMDC) 1969-70: p.4.
\textsuperscript{83} AR(GMDC) 1970-71: p.7.
\textsuperscript{84} AR(GMDC) 1971-72: p.8.
during the past few years and arrive at its own estimates as was done during 1972-73?

(ii) The Government of India continued to issue licences for import of fluorspar up to the end of 1971 in spite of repeated requests by the Corporation to ban them.

Is it that the Government of India did not know about the existence of any such plant in Gujarat? Or, was it that the Corporation could not impress upon them about it? Strangely, it has been the same authority which took unduly long time in issuing an Import Licence for the import of loaders for the same project and which went on issuing import licences for the import of fluorspar even when it was available in this country. It is necessary that even by going out of convention or set patterns, such cases are referred to the PAC or any other similar body.

The Corporation has, been reported to have taken important measures like (i) personal contacts with the consuming industries in order to understand their problems in using the material and to solve them, (ii) approval to allow brokerage/commission to parties placing bulk orders, (iii) making strong representation to the Central Ministry of Mines & Metals to impose a total ban on the import of both metallurgical and acid grade fluorspar, but only when the problem took a serious turn. It could have easily adopted

a commercial attitude right from the beginning and could have saved itself. All these measures are obligatory for any commercial or business organisation and it looks very strange as to why the Corporation did not wake up in time to take them. It was a strong representation — and not repeat requests — which made the Government of India impose a total ban on the import of metallurgical fluorspar from January 1972.

A similar characteristics of the governmental attitude has been also observed in the Corporation's inability to execute the orders which were already received. Here too, after experiencing serious difficulty in getting the required wagons for the despatch of the material, the Corporation, in order to solve the bottleneck of wagons shortage, approved of a scheme to despatch the material by road transport and to bear 50% of the difference between railway freight and road transport charges in case of parties which agreed to bear the balance of 50% of such charges.  

When it is said, that most of the consumers agreed to this arrangement, could it not have been possible for the Corporation to come out of its 'Super' position vis-a-vis the consumers and use a little commercial dint prior to the birth of the problem?

The other reasons reported like (a) the working of the

86. Ibid. 87. AR(GMDC) 1972-73: p.3.
steel mills in country at hardly 50% of their installed capacity and the failure in expected commissioning of the Bokaro Steel Plant, and (b) the chemicals industry not agreeing to use acid grade fluorspar, produced at this plant on account of element of $P_2O_5$ (Phosphorus Pentoxide) could— even if partly — have also been eradicated, had the Corporation exhibited marketing wisdom.

On the one hand, the Corporation was busy solving the difficulties of the Beneficiation Plant; on the other hand, it was found that illegal mining was undertaken without the knowledge of the Corporation in the Corporation's mining lease area of fluorspar of village Mota Sorva in Jaghadia Taluka of Broach District. About 200 tonnes of fluorspar valued at Rs. 2 lakhs was stolen. 88

Looking to the quantity and the amount involved, it can be concluded that the whole activity was a regular feature; for, this cannot be done in a day or two. The Corporation should take a lesson from this and strict security measures should be taken.

Bauxite Project:

The State of Gujarat possesses large reserves of bauxite. On the basis of the Geological Survey Report on bauxite deposits of Kutch District received from the State Directorate of Geology and Mining in October 1965, applications for mining

leases over bauxite areas of Mandvi Taluka of Kutch District were submitted to the Government of Gujarat. Leases were granted and the Corporation got the possession of the land on 12th June 1967. The Corporation, however, took nearly 18 months to commence the mining operations. Similarly, the Corporation also obtained a mining lease for the bauxite bearing areas of about 465 acres in village Mevasa in Jamnagar District where the mining was undertaken from January 1970.

Mined bauxite can be used as a raw material for the production of metallic aluminium, manufacture of salts of aluminium, for manufacture of refractory bricks, for manufacture of abrasive, for cement as well as oil refining.

The Corporation having known this, took steps for the techno-economic investigations of the Alumina/Aluminium Project even before commencing the mining operations. It also had gone a step further by (a) applying to the Ministry of Steel & Mines, Government of India, on 27th February, 1965, for an Industrial Licence to put up Alumina Project in partnership collaboration with the private sector and (b) appointing a Working Group as early as in the year 1966-67 to negotiate with interested Industrial Houses to find out the possibility of partnership collaboration in finance as well as in management for the project involving capital investment.

of about Rs. 45 to Rs. 50 crores. The Working Group had negotiated with a number of interested Industrial Houses. (By the way, does this mean that even those who are associated with a public sector undertaking do not have faith in its working? Huge financial need, I am sure, can never be a contributory factor for starting such negotiations with the private industrial houses for exploring the possibility of partnership.)

However, all of a sudden the Central Government came in during the year 1967-68 and it entrusted the preparation of feasibility report for the Project to the National Industrial Development Corporation, which it submitted in 1969-70. An inter-ministerial Study Group was then constituted by the Ministry of Petroleum and Chemicals and Mines and Metals of the Government of India comprising of the representatives of the Central Government, the State Government, the Gujarat Mineral Development Corporation, Bharat Aluminium Company and the National Industrial Development Corporation to expedite the final decision in respect of the establishment of such an export-oriented Plant and to go into the various details of the Report such as the location of the plant, size, availability of utilities, the capital and production, cost structure and profitability of the project. It was finally decided during the year 1970-71 to set up the Plant

in the public sector by floating a joint stock company in collaboration between the Government of Gujarat and the Government of India.\(^94\)

Despite all this, the fact remains that nothing concrete has taken shape till now (i.e., 4-3-1974) and the Corporation is awaiting instructions from the Government.\(^95\) The Corporation, at the instance of the State Government also passed a resolution, as early as during the year 1971-72, agreeing to supply bauxite to the proposed new Company for a period of about 20 years at a rate of Rs. 40/- per tonne which would hold good initially for a period of five years and would be subject to revision at an interval of every five years thereafter.\(^96\) The Resolution has been accepted by the Ministry of Steel and Mines, Government of India.

Thus, even after a lapse of six long years the Corporation in particular and Gujarat in general have not been able to taste the fruits of the gift of nature simply because of the unintelligible and obstinate attitude and approach on the part of the Government of India.

Projects under process:

(a) Lignite Project: Huge lignite deposits to the extent of about 96 million tonnes have been proved in Panandhro area in Lakhpat Taluka of Kutch District. Along with lignite,

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95. Based on Personal Interview.
another important mineral -- siderite -- is also found to be existing in the same area. The Corporation has been granted a Mining Lease over 1152 hectares of land on 21st June 1973.

The task of undertaking a techno-economic feasibility study of utilisation of lignite for briquetting and carbonisation i.e. as domestic fuel as well as for power generation was entrusted to the Central Fuel Research Institute, Dhanbad. It has established the techno-economic feasibility development of the deposit. Tenders for undertaking a preparation of a detailed project report for briquetting and carbonisation have been invited from the firms of Consulting Engineers. The Corporation has also approached the Gujarat Electricity Board for preparation of a report for utilisation of lignite for power generation by putting up a thermal power station. One of the essential requirements for power-generation is availability of sweet water in sufficient quantity. The Central Ground Water Board has, at the instance of the Corporation, undertaken investigations to locate underground water resources near the Panandhro basin.

The estimated capital outlay on the briquetting and carbonisation as well as thermal power project would be of the order of Rs. 10 crores. The proposed project is expected to provide a much needed source of domestic and industrial fuel whereas the Thermal Power Plant would quench the powerthirst

(b) **Base Metal Project:** Base Metal deposit (lead, zinc and copper) of Ambamata in Banaskantha District is another important and strategic mineral deposit which has put Gujarat on the basemetal map of India. On the basis of the preliminary exploration work conducted by the Geological Survey of India, it has been estimated that a sizeable reserve of 7 million tonnes is available in the said area. The ore is expected to have an average total metal content of (13.2) mainly lead and zinc with significant amount of copper also.

The Corporation obtained a mining lease over the base metal area during the year 1972-73. It has entrusted the work of exploratory mining to the Mineral Exploration Corporation of India — a Government of India Undertaking. It has also invited global tenders from firms of Consulting Engineers for undertaking the work of preparing a detailed techno-economic feasibility report and implementation of the project. The total investment outlay of the project is estimated to be of the order of Rs. 9 crores.

The story of base metal project starts from the year 1969-70. The Corporation submitted the mining lease application to the State Government in respect of the base metal

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deposits of copper, lead and zinc, substantial reserves of which were proved to be existing at Ambaji in Danta Taluka of Banaskantha District. As required under the legislation governing the grant of mining lease, the State Government had sought the approval of the Government of India to issue mining lease in favour of the Corporation. No decision was taken by the Government of India within the time limit of 12 months as provided under the Mines & Minerals Regulation and Development Act, 1957. Hence, the Corporation's application was deemed to have been rejected. As a result of this, the Corporation filed a revised application before the Government of India against the deemed rejection of its application, pending which, the Government of India, suo moto revived the application of the Corporation and directed the State Government to dispose off the same. The State Government, thereafter, granted the mining lease to the Corporation. Subsequently, the Corporation started the exploratory mining in the area from 18th April, 1971. Later on, during 1971, the Government of India cancelled the said lease on the ground that it was granted without their specific approval. The State Government also cancelled the lease under the circumstances. The Corporation requested the Government of India to decide on its revision application. This was also turned down and

another application for a mining lease over additional base metal areas proved at Ambaji also met with the same fate as its predecessor as no decision was taken within the stipulated period of 12 months. The Corporation had, again, to start with the same paper-exercise of filing a revision application.

Apart from the inordinate delays on the part of the Government to come to one decision or another and consequent failure of the State in particular and the nation in general to take advantage of the gifts of nature, what about the colossal waste of time, energy and money of the nation in the submission, processing, chasing and the lapse of applications? The Corporation must have spent considerably all these since the commencement of the 'Base-Metal Project Story' from the year 1969-70! This is reflected in its Annual Report 1970-71 which reads: 'consequent upon the cancellation of the mining lease, after taking legal advice your Board has decided to close down the Base Metal Establishment and to handover possession of the areas to the State Government under protest and without prejudice to the Corporation's revision application which is pending disposal ... An amount of Rs. 81,693.97 has been spent for the purpose of the development of Base Metal deposits till the end of the year under report.' 103

The Act is very clear and definite. It is the human element which has been responsible for the delays. The persons responsible for such irresponsible decision—whosoever they may be—should be taken to task. Alternatively, the recommendation of the State Government should be considered sufficient for the grant of a mining lease. True, the State Government has a vested interest but some decentralisation of powers is necessary at least to avoid the avoidable wastages.

(c) Graphite & China Clay: At the instance of the Government of Gujarat, the Corporation undertook the investigation to evaluate the techno-economic feasibility studies regarding graphite in the Jhab-Redhana and Narukot areas of Panchmahals District. A number of deep quarries were opened in the Jhab-Redhana area and bulk samples weighing about 7 tonnes were collected.\(^{104}\)

The laboratory analysis of these samples conducted at the National Metallurgical Laboratory, the State Directorate of Geology and Mining and the Indian Bureau of Mines did not prove favourable. Hence, after a careful analysis of the minerals and technical aspects, the Corporation decided to drop the idea of going in for the Graphite Project.\(^{105}\)

The Corporation also undertook detailed sampling of china-clay deposits in the Idar Taluka of Sabarkantha District.\(^{104,\ AR(GMDC)\ 1971-72:\ p. 10.\ 105,\ AR(GMDC)\ 1972-73:\ p. 5.}\)
to evaluate the feasibility of putting up an upgrading plant for the recovery of paper grade, textile grade and ceramic grade clay. A pilot quarry was located, in June 1972, in the river bed in the Pethapur area. The excavation work had to be suspended later on as some legal hitch arose with regard to the ownership of the area in question.

Another example of inefficiency! It is most common for any entrepreneur to think first about the legal ownership of an area before one undertakes any project! How was it that the Corporation could not think of this issue? Again, the Corporation has a band of solicitors. It could have well taken their advice before launching the project. Any way, the Corporation wasted an amount of Rs. 5,081.51 for the purpose.

Besides mining operations, the Corporation having known that there is a good market for industrial explosives in the country particularly in the eastern part, submitted an application to the Government of India for an industrial licence to manufacture 15,000 tonnes of industrial explosives per annum. It also submitted another application for an industrial licence for manufacture of 5,000 tonnes of synthetic cryolite and 5000 tonnes of aluminium fluoride based on the Ambadungar fluorspar. The Government of India issued a Letter of Intent against the latter application on 30th

December 1972, and as the Annual Report 1972-73 informs, the work of preparing pre-investment report has been entrusted to an Indian Consulting Firm.\textsuperscript{108}

**Capital and Finance:**

There has been a regular change in the Capital structure -- both Authorised as well as Paid up -- from its inception. Table III.22 gives yearwise break-up of the capital structure.

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorised Capital (Rs.)</th>
<th>Issued, Subscribed and Paid up Capital (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963-64</td>
<td>50.0*</td>
<td>1.0</td>
</tr>
<tr>
<td>1964-65</td>
<td>50.0</td>
<td>3.0</td>
</tr>
<tr>
<td>1965-66</td>
<td>50.0</td>
<td>30.0</td>
</tr>
<tr>
<td>1966-67</td>
<td>100.0</td>
<td>74.0</td>
</tr>
<tr>
<td>1967-68</td>
<td>200.0</td>
<td>114.0</td>
</tr>
<tr>
<td>1968-69</td>
<td>200.0</td>
<td>127.0</td>
</tr>
<tr>
<td>1969-70</td>
<td>200.0</td>
<td>127.0</td>
</tr>
<tr>
<td>1970-71</td>
<td>500.0</td>
<td>187.0</td>
</tr>
<tr>
<td>1971-72</td>
<td>500.0</td>
<td>237.0</td>
</tr>
<tr>
<td>1972-73</td>
<td>500.0</td>
<td>267.0\textsuperscript{+}</td>
</tr>
</tbody>
</table>

* Until 1970-71 the Authorised Capital was divided into Equity Shares of Rs. 100 each when it was restructured as 4 lakhs Equity Shares of Rs. 100 each and 1 lakh Preference Shares of Rs. 100 each.

+ Government of Gujarat had contributed Rs. 30 lakhs towards Share Capital.


\textsuperscript{108} AR(GMDG) 1972-73: p.5.
In addition to the Capital, the Corporation also resorted to securing loans from the State Government. This practice was started from the year 1968-69 when an interest-bearing loan of Rs. 70 lakhs was granted to the Corporation. A similar loan of Rs. 60 lakhs was also given during 1969-70, in addition to an accommodative loan of Rs. 1 crore. No further loans were raised from the Government during the subsequent three years. Instead, the Corporation paid off a total sum of Rs. 53.60 lakhs by the end of March 1973 against the loan amounts, thereby bringing down the figure due to the State Government to Rs. 176.40 lakhs.

The benefit of conversion into a Public Limited Company was first availed of by the Corporation in 1971-72, when it got approved a cash credit and bills discounting facilities aggregating to Rs. 80 lakhs at an interest rate of 9\% per annum against hypothecation of goods with the Bank of Baroda. The Corporation had withdrawn a total sum of Rs. 42,39,866 by the end of March 1973.

The Corporation has also been able to collect a sizeable amount against the sales of minerals and metals. This has also acted as one of the sources of finance. Table III.23 reflects the yearwise contribution.

Similarly, the Corporation was, after first two years of its working and with an exception of the year 1970-71, able to make profits which also lent its support to it on
the financial front. Table III.24 exhibits the yearwise figures of the profits/losses.

Table III.24

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965-66</td>
<td>2,16,131</td>
</tr>
<tr>
<td>1966-67</td>
<td>8,15,630</td>
</tr>
<tr>
<td>1967-68</td>
<td>8,78,235</td>
</tr>
<tr>
<td>1968-69</td>
<td>15,29,588</td>
</tr>
<tr>
<td>1969-70</td>
<td>20,72,974</td>
</tr>
<tr>
<td>1970-71</td>
<td>45,62,781</td>
</tr>
<tr>
<td>1971-72</td>
<td>59,67,677</td>
</tr>
<tr>
<td>1972-73</td>
<td>1,26,99,551</td>
</tr>
<tr>
<td>Total:</td>
<td>2,87,41,567</td>
</tr>
</tbody>
</table>

Observations:

There does not seem to have been any systematic planning


about the financial requirements of the Corporation by the Government. Queerly, except for only one year, the Corporation was required to go to the Government for financial assistance which was extended either in the form of contribution towards the Share Capital or in the form of interest-bearing loans. It is probably this lack of financial planning which obliged the Government to convert it into a Public Limited Company in July 1971. Had the Government planned well in advance, it would not have been required to involve itself so much. It is surprising that the Committee for Public Undertakings also did not touch the issue in its Fourth Report submitted to the Third Gujarat Legislative Assembly.

Management:

The Corporation is managed by a Board of Directors consisting of 8 members including the Chairman. 3 of them are non-official ones while the rest represent the Government interests — one member represents the National Metallurgical Laboratory, one belongs to the Directorate of Geology and Mining, Government of Gujarat, One member is Industries Commissioner of the State, one is the Secretary to the Government of Gujarat, Industries, Mines & Power Department, while one represents the Finance Department, Government of Gujarat.

On analysing the data about the Board of Directors, it is found (a) that there was a regular appointment of the
Board by the Government, and (b) that there was continuity of some of the members on the Board. The first Chairman, Shri B.J. Patel, served the Corporation for a period of three years 1963-64 to 1965-66. Shri Utsavbhai Parikh, who was next appointed as the Chairman of the Corporation, served it for a period of five years — from 1966-67 to 19th May, 1972. The present Chairman Shri M. Sivagnanam has been associated with the Board as one of the members since 1968-69.\footnote{112} As regards the Government directors the usual reading, viz., their frequent transfers, holds true, with a satisfying feature that most of them did at least complete their terms.

The Corporation also resorted to the appointment of Sub-Committees of the Board of Director for special issues. Similarly, a Working Group was formed during 1966-67.\footnote{113} The Corporation Board met on an average 8 times during a year.

The post of the Managing Director was created during the year 1972-73 till when it was the General Manager who looked after the execution part of the policy-decisions and the actual management of the Corporation. Unfortunately, the experience of the Corporation in regard to continuity of service of the Managing Director has not been very happy. This is evident from the fact that the first one, Shri N. Vittal, who was appointed from 1st Feb. 1973, had resigned on 4th Aug. 73, serving the Corporation for a

period of only six months. Shri P.R. Chauhan has been appointed as MD from 4-8-1978.\footnote{114}

It may be worthwhile to take a note of what the Committee for Public Enterprises has said about the appointment of a person on the Board of Directors. The Committee recommended that the Government should thoroughly consider whether a person will be able to give justice to the assignment, before appointing a person and that such person should be continued as a Director for three years.\footnote{115}

Similarly, the Committee recommended that the Chairmanship of the Corporation is a responsible post and, hence, any one who is appointed as the Chairman should generally not be transferred/changed up to 5 years and at least for a period of 3 years.\footnote{116} While no clearcut provision about the term of office of the Chairman has been made in the Articles of Association of the Corporation, generally such appointments are made for a period of three years. Thus, though the recommendation has been followed in practice, the Government did not think it proper to amend the Articles of Association of the Corporation.\footnote{117}

Another recommendation made by the Committee was regarding the appointment of a mining expert and an economist. This was done even otherwise.\footnote{118}

\footnotetext{114}{AR(GMDC) 1972-73: p. cover front page.}
\footnotetext{116}{Ibid.}
\footnotetext{117}{Ibid: p.5.}
And if this was — and it is — so, what is the utility of such a Committee? Should it be presumed that it did not study the Annual Reports of the Corporation? The first Chairman did serve the Corporation for a period of three years, the second for a period of five years. Yes. The Committee has nowhere, as it ought to have suggested the need to amend the Articles of Association of the Corporation. It must be emphatically stated that such expert bodies should have laid a greater emphasis on more important points, particularly when the Corporation has suffered sufficiently at the hands of the Central Governments — whether in the case of Import Licence or in that of rejecting the mining lease applications.