

\*382 [The Questioner (Mohammed Afzal alias Mecn Afzal) was absent. For answer vide column 30 infra]

\*383 [The Questioner (Sh. Gopal Singh G. Solanki) was absent. For answer vide column 31-32 infra]

\*384 [The Questioners (Shri Sushilkumar Sambhajirao Shinde and Shri Rajni Ranjan Sahu) were absent. For answer vide column 34 infra]

Q. No. 385. Shri Chimanbhai Mehta.

**Effect of Uruguay Round Agreements on investment policies and decisions**

\*385. SHRIMATI RENUKA CHOWDHURY :

SHRI CHIMANBHAI MEHTA :†

Will the Minister of COMMERCE be pleased to state :

(a) whether it is a fact that Uruguay Round Agreements affects our investment policies and decisions ;

(b) if so, whether it is also a fact that the entries of Coca-Cola, Pepsi, McDonald etc. are related to GATT agreement;

(c) the details as to how by these foodstuffs foreign industries are helping or disturbing the Indian economy;

(d) the estimates of the increase in world trade that will take place as a result of Uruguay Round; and

(e) the estimate for Indian textile and agricultural exports in terms of percentage, quantum and financial benefits?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KAMALUDDIN AHMED) : (a) to (e) A Statement is laid on the Table of the House.

**Statement**

(a) to (c) The Uruguay Round Agreements do not impose any disciplines on our investment policies and decisions. We have undertaken policies of liberalization and integration with the global economy in our own interest.

(d) and (e) The Uruguay Round results lay down the rules governing international trade. A post Uruguay Round exercise will be to identify and work on realizing the opportunities created by the Uruguay Round Agreements. Estimates made by the World Bank, OECD and the GATT Secretariat show that the income effects of the implementation of the Uruguay Round package would add between \$213 to \$274 billion annually to world income. According to a GATT Secretariat estimate, the largest increases in trade would occur in the area of clothing (60 per cent), agricultural, forestry and fishery products (20 per cent) and processed foods and beverages (19 per cent). Since our existing and potential export competitiveness largely lies in these areas, India should get its due share in the overall gains in these sectors.

SHRI CHIMANBHAI MEHTA : Sir, part (c) of my question was related to part (b) of my question, that is, whether the entries of Coca-Cola, Pepsi and McDonald etc. are related to GATT agreement. The reply is, "it is not related to GATT". But I wanted to know how by these foodstuffs, foreign industries are helping or disturbing the Indian economy. Now, if you say that it is the job of the Minister of Industry to answer it, then I would understand that at least you are supposed to ask from the Ministry of Industry whether by allowing these multi-nationals, it would disturb our industry. This is not a high-tech sector of our economy. Why do you permit it and what is your assessment?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : I have my predicament and I am glad to note that the hon. Member himself appreciates my predicament that it is too difficult to link it up with the trade-related investment and particularly in the context of the overall Industrial Policy which we formulated much earlier, before we entered into this Agreement, either on 15th of December or on 15th of April, because these decisions were taken in the new Industrial Policy, in the new Investment Policy and in the new Trade Policy sometime in July, 1991 but I can tell you that it is true that our anxiety, our concern is to have the technology in areas which are

†The question was actually asked on the floor of the House by Shri Chiman' bhai Mehta.

ultimately beneficial and more sophisticated. We would like to have the technology in high-tech areas and that is one of the reasons why we are opening our sectors for investment from abroad. Sometimes, technologies in an area which is not so high-tech, also come, but it would not be correct to say that we do not get any benefit at all. We get some benefit, maybe, not from the view-point of technology. I was told that even the Pepsi Cola people have brought such type of tomato seeds which our farmers have appreciated, acknowledged and, later on, they have used it in the fields and the production of tomatoes has increased substantially. It has helped, the farmers to some extent.

**SHRI CHIMANBHAI MEHTA :** Anyway, to an extent, although it was not in his Ministry's jurisdiction, the Minister has replied that the tomato industry is doing well I think they should conduct a survey because the people think that these are not high-technology areas and, therefore, the Government should not permit.

Now, I am coming to part (e) where I have specifically asked for an estimate of Indian textile and agricultural exports in terms of percentage, quantum and financial benefits. These two areas are definitely advantageous to India through the execution or the adoption of the GATT Treaty and there is a lot of confusion in the country deliberately created or just emanating from ignorance. So kindly explain to us what the benefit is in the export of textiles and agricultural products because these are very vital sectors of our Indian economy.

**SHRI PRANAB MUKHERJEE :** Sir, in the main text of the reply, in the statement I have indicated the assessment of the various external bodies; that was enhancement of trade from 213 billion to 274 billion US dollars. And they are also making an assessment in the areas of textiles and agriculture. They have indicated that in textiles the growth would be roughly 60 per cent and in agriculture, forestry and fishery it would be 20 per cent.

Now coming to India, what the shares of these two sectors are in our exports, this year I am hoping if our exports are

about 22 billion US dollars, the share of textiles would be roughly a little more than 7 billion US dollars that means, 33-34 per cent, nearly one-third. So far as agriculture is concerned, agriculture and marine products taken together, their share in our total export basket is a little more than 14 per cent. Therefore, our assessment is, if in these two sectors there is a substantial growth, we will also have a larger share because we are not exporting products of high technology. In the years to come, our export will mainly depend on agriculture, on textiles. Therefore, if the growth is larger in agriculture and textiles, we can legitimately claim that our share will be a little more compared to what we are having today.

**DR. NAUNIHAL SINGH :** Mr. Chairman, fundamentally, we should not accept at any cost foreign investment at the dictates of the highly developed countries. In this context, Sir, if it is a fact that the Government is encouraging high-tech in consumer products, will it not adversely affect our well-developed consumer industries in the country? If so, what steps have been or are being contemplated by the Government to avert this situation?

**SHRI PRANAB MUKHERJEE :** Sir, a large quantum of our consumer goods are manufactured in the small-scale sector and the hon. Member is aware that as far as investment is concerned, the small-scale sector is being protected in the new industrial policy. I am not going into the duty aspect because somebody may jump up and say that there is a distortion. So far as investment policy is concerned, those areas are not open. Secondly, I am sure the hon. Member, if he scrutinises the Exim Policy which I announced on 30th March, will see that one of the basic reasons why we are not allowing the consumer goods to be imported through the Open General Licence is to protect the small-scale sector which is largely producing consumer goods.

**DR. BIPLAB DASGUPTA:** Mr. Chairman, what the Minister has suggested is that India should specialise in agricultural products and in textiles. My own feeling, as an economist, is that as far as agriculture and textile are concerned, there is a limit to

the quantity we can sell. As far as agriculture is concerned, in any case, the European market is too far from us. The Japanese market is saturated by all competitors from South and South-East Asia. We have to compete with all of them. As far as textile is concerned, it is the same thing. It is a foot loose industry. As we are thinking of increasing our exports some day. All other poor countries will also be thinking exactly in the same way. What I am saying is that we will compete against each other and bring down the prices to the benefit of the rich countries. What I am saying is, if the Minister would agree with me or not, this is a conspiracy on the part of the rich countries to keep the poor countries poorer and to make the rich countries industrialised, and to deny industrial development to the poor countries. That is why they are talking about this international division of labour and about the comparative advantage and forcing us to produce and export only products, agricultural and textile products, which are foot loose and not allowing us to industrialise. As far as small-scale industries are concerned, on the one hand, the Government is subsidising these industries, our food-processing industries, khadi based industries and all that, and, on the other hand, it is undermining those industries by bringing in formidable international competitors against our widows in the villages who produce things such as jam, jelly, juice and other things. There is absolutely no chance for them. Because of the televised advertisements there are changes in the tastes and preferences in the rural areas also. What I am asking of the Minister is : Do you think that there is any future for the rural industries, particularly for those which are subsidised by the khadi industry, against the onslaught of foreign competition? As far as agricultural and textile products are concerned, do you see any future for India, a sort of a lead to take-off of Indian development through such exports?

SHRI PRANAB MUKHERJEE : Sir, I don't know how to answer or how to attempt to answer this question. It is a theoretical proposition. Of course, these were the vocabularies with which we were used to in the fifties, sixties and seventies. But the vocabulary has changed in the mid-eighties and particularly after the collapse

of some powerful system of which the hon. Member is well aware. So, I am not going into that aspect. What I said in reply to the supplementaries of my friend, Shri Chimanbhai Mehta, in the context was that if textile and agriculture had a larger share, what the position of India would be. But one need not come to the conclusion that the hon. Member has attempted. That would be our developmental study. Of course, we want massive industrialisation and one of the reasons which my other colleagues and I myself have given to this House umpteen number of times was that up to 1970 we were competitive. But after 1970, particularly after the first oil shock followed by the second oil shock in the decade of 1970, we found that there was a serious technological gap and our industries were lagging. That is the reason for opening this. Therefore, we would like to encourage and to have high technology, we would like to have massive industrialisation. As regards consumerism and TV advertisements to create interest for consumerism, Mr. Chairman, you will, of course, appreciate that these are things which we should discuss in other fora, not during the Question Hour.

SHRI S. S. SURJEWALA : Sir, the hon. Minister has stated in his reply:

"According to a GATT Secretariat estimate, the largest increase in the trade would occur in the area of clothing (60 per cent), agriculture, forestry and fishery products (20 per cent)."

Sir, the agricultural and rural people are not in a position to have export competitiveness today because of lack of infrastructure. There are no processing plants, no packaging plants and there is no transport network. Due to their backwardness and lack of finances, there are no amenities available. So, all the profits will be garnered by traders and rich people. I would like to know what the Government is planning to do so that all the benefits accrue to the farmers and the rural people who are the real cultivators and who are engaged in agriculture. What does the Government propose to do so that they can have the benefit of their own produce?

SHRI PRANAB MUKHERJEE : Sir, I agree with the hon. Member that in the

present state of affairs, surely, it would not be possible for us to take full advantage of the situation. As I said on earlier occasions also, India being the second largest food producer, next to Brazil and the second largest vegetable producer, next to China, we cannot exploit the international market because the post-harvesting technology is not readily available with the growers. Keeping that in view, a scheme has been launched by the Agriculture Minister—this scheme was visualised by the Planning Commission—i.e. 'small farmers agriculture research consortia' where all these imports, technical imports, credit imports, managerial imports, entrepreneurial imports will be provided to the farmers in collaboration with trade, industry, scientific organisations and agriculture research organisations. Some of these pilot projects have already been undertaken by the Ministry of Agriculture. We would like to give a real boost to these projects which will meet some of the requirements which the hon. Member has referred to.

**श्री जनार्दन यादव :** सम्पाति महोदय, मैं आपके माध्यम से मंत्री जी से यह जानना चाहता हूँ कि भारत आर्थिक दृष्टि से गरीब देश है और भारत के 80 प्रतिशत लोग गरीब हैं। वह ग्रामीण उद्योगों के माध्यम से अचार, चटनी, पापड़ आदि छोटे छोटे उद्योगों के माध्यम से बनाकर अपनी आजीविका चलाते हैं। जब आप बहुराष्ट्रीय कंपनियों को सामान बनाने के लिए भारत में लाएंगे तो निर्यात की प्रतिযোগिता में वह कैसे खड़े हो सकेंगे? अगर अचार एक बहुराष्ट्रीय कंपनी बना रही है और उसे हमारी गरीब ग्रामीण महिला भी बना रही है तो एक तो अर्थ का अभाव है, दूसरे मशीनों का अभाव है, और दोनों अगर बाजार में आएंगे तो जो बहुराष्ट्रीय कंपनी का बनाया हुआ अचार है वह ज्यादा लोग पसंद करेंगे क्योंकि उनके पास विज्ञापन के साधन हैं, उनके पास मशीनें हैं, उनकी कास्ट आफ प्रोडक्शन कम समेगी। तो आप बहुराष्ट्रीय कंपनियों को लाकर अपने ग्रामीण उद्योगों को बंद करना चाहते हैं? अगर ग्रामीण उद्योग बंद हो जाएंगे तो ग्रामीण लोगों की आजीविका के लिए कौन से उद्योग आप उनको देना चाहते हैं?

**SHRI PRANAB MUKHERJEE :** Sir, I have already said that it is not our policy to open the areas which are earmarked for the small scale sector or rural sector for investment from abroad.

MR. CHAIRMAN : Question No. 386.

### Growth of employment in private and public sectors

386. **SHRI PRAKASH YASHWANT AMBEDKAR :** Will the Minister of LABOUR be pleased to state :

(a) the Growth of employment in private and public sectors during 1991-92, 1992-93 and 1993-94;

(b) whether there has been a short-fall in the growth of employment in these sectors;

(c) if so, what are the reasons therefor; and

(d) how far retrenchment and golden hand shake scheme are responsible for the shortfall?

THE MINISTER OF STATE IN THE MINISTRY OF LABOUR (SHRI P. A. SANGMA) : (a) to (d) Statement is laid on the Table of the House.

### Statement

Employment is estimated to have increased by about 3 million during 1991-92 and by around 6 million during 1992-93. Estimates for growth in employment in 1993-94 have not been made. No specific targets on an annual basis are fixed for employment generation.

**SHRI PRAKASH YASHWANT AMBEDKAR :** Before I begin with the first supplementary, I want to say that the figures have been given only for the first two years, namely, 1991-92 and 1992-93. Sir, as per the growth in both the private sector and the public sector, it is only 3 million during 1991-92 and 6 million during 1992-93. I would first like to have the break-up figures. What is the growth in the private sector and what is the growth in the public sector? That is my main question. The main question has not been replied at all. Will the Minister first reply to the main question itself?

**SHRI P. A. SANGMA :** Sir, the Planning Commission monitors the entire employment situation in the country and, so far, it has not been able to, perhaps, analyse the sector-wise growth. The only figure available, at this time, is of the increase in employment in terms of numbers during 1991-92 and 1992-93, which I have furnished. But we, in the