

### SPECIAL MENTIONS

#### Need to continue inner line permit system in Arunachal Pradesh and in other North-Eastern States

**SHRI NYODEK YONGGAM** (Arunachal Pradesh): Madam, my Special Mention is regarding the need to continue Inner Line Permit System in Arunachal Pradesh and in other North Eastern States.

Madam, there is some misunderstanding among the citizens of this great country regarding the existence of Inner Line Permit system in Arunachal Pradesh and in some other States of the North Eastern Region. Much had been debated on this system at the recent Conference of Chief Ministers of North Eastern Region in which the hon. Home Minister was also present. The hon. Home Minister expressed his concern that the existence of the Inner Line Permit system has been a discouraging factor for the industrialists from various parts of India and the foreign investors whose participation was necessary for industrial development of the North Eastern Region.

While appreciating the comments of the hon. Home Minister, I would like to state here that though the very system was introduced as far back as 1873 by the then British Government under the Bengal Eastern Frontiers Regulation 1873, there is no difficulty for genuine citizens and investors to get access to these States since the Inner Line Permit system would be made available to them on request. Hundreds and thousands of Indian traders are already operating their business in this region right from pre-Independence days with valid Inner Line Permit. But, the local tribals have not derived any benefits, rather they have been systemically exploited; that is why this region has become some sort of a colony for outsiders. It is one of the causes behind the current secessionist movements of various militant outfits.

The Inner Line Permit system prevalent in Arunachal Pradesh, Mizoram and Nagaland has been able to provide a sense of security to the people of these areas from being exploited by outsiders. I feel if this system is withdrawn, the entire region would be open to outsiders to set up their industries and would jeopardise the

interests of the sons of the soil. More so, there will be a large scale influx of people from Bangladesh, Myanmar and Nepal which will upset the demographic balance. However, we have agreed to withdraw the Restricted Area Permit system to enable the free flow of foreign tourists and to promote tourism in the North Eastern Region.

Therefore, through this august House, I would like to draw the attention of the Central Government that any attempt to withdraw the Inner Line Permit system may bring fresh political turmoil in North Eastern Region, where the peace has already been disturbed. Therefore, the present system should be allowed to continue as per the wishes of the people. Thank you Madam.

**THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE)**: Thank you. Shri Virendra Kataria.

#### Need to check the malpractices and fraud in the Hindustan Machine Tools

**SHRI VIRENDRA KATARIA** (Punjab): Madam Vice-Chairman, thank you very much for giving me an opportunity to make the Special Mention. Madam, I want to draw the attention of the Government to the fraud, malpractices and all unethical, unbusinesslike malpractices which are going on in an institution, which was once the most prestigious institution of the Government of India. My Special Mention is about the Hindustan Machine Tools. It has become a den for fraud and deceit. Hindustan Machine Tools is the most prestigious undertaking of the Government of India. Its watches are known as the best quality watches throughout the country, rather outside the country also. But, lately this undertaking has become a den for fraud, misappropriation and other malpractices. Huge stocks of watches—about 18.78 lakhs are lying unsold and loss of crores of rupees is being suffered by this public sector undertaking. I want to know how old these watches are and what the value is of these watches. I think, it runs into crores. A big fraud is being committed in the name of "goods held in trust." This is a noble way. Watches worth crores of rupees are being dumped and no efforts are being made to sell these watches. I demand that a CBI enquiry be made, specially

into the top management i.e. Chairman-cum-Managing Director and his Directors, for these undesirable malpractices which have resulted in a very heavy loss to this undertaking. I want to know from the Government why technology upgradation has not been done when new technology has come and HMT is to face competition from other manufacturers like Titan, Bentex, Timex and Allwyn.

I also want to know from the Government why HMT is not changing over to manufacture of quartz watches. The Government should take note of this situation and prevent this prestigious undertaking from going to the dogs. In addition to the watches, in other fields of their activities like machine tools, a mess has been created. In the manufacture of other products, losses are being incurred and whatever field they have entered a big mess has been created there. I submit to the Government through you, Madam, that this is a very serious matter and it is connected with the prestige of our public sector undertakings. The Government must take note of it and remedial measures, which I have suggested, should be taken. Nothing less than a CBI inquiry will unearth what is going on. It should be done. Thank you, Madam.

**SHRI B. K. HARIPRASAD (Karnataka):** Madam, I would like to associate myself with the Honourable Member. The HMT, in the financial year 1993-94 has incurred a loss of Rs. 117 crores. Out of Rs. 117 crores, Rs. 70 crores is the loss from HMT Watch Unit. As he said, it is one of the prestigious institutions which is known as a jewel public sector unit in

the country. It was inaugurated by the late Jawaharlal Nehru. In 42 years of its history, only during 1967-69, it incurred loss which was due to recession in the international market. There was a little bit of loss in the HMT. No where in history has it incurred losses. As he has rightly said, loss is only due to the mismanagement by the top management. I would like to quote one example. These people had taken a decision to bill Rs. 90 crores worth of watches to show as a sales turnover of the company, which is nothing short of a scam comparable to the infamous Stock Scam. In order to achieve the targeted sales figure, watches were billed in the name of redistribution of stocks during the month of March 1993. In reality, these are not actual sales but just a book-sale. As he said earlier, it was earlier known as SHIT, Stock Held in Trust. Later, after all this came out in the papers, they just changed it to Goods Held in Trust. It is as good as SHIT. Therefore, as demanded by the honourable Member, nothing less than a CBI inquiry will solve the problem because it is the life and death of 27,000 workers who are working throughout the country. Thank you, Madam.

**THE VICE-CHAIRMAN (SHRIMATI SAROJ KHAPARDE):** Thank you. Now, Shri Sanjay Dalmia. He is not present. The House is adjourned till 11 A.M. on Tuesday.

The House then adjourned at thirteen minutes past five of the clock till eleven of the clock on Tuesday, the 16th August, 1994.