

इलाका है। पंडित जवाहर लाल नेहरू जी के जमाने में जब वे देश के प्रधानमंत्री थे एक पटेल आयोग बना था लेकिन पटेल आयोग की संस्तुतियों को सरकार ने लागू नहीं किया है। मेरा आपसे अनुरोध है कि सरकार पूर्वी उत्तर प्रदेश के विकास के लिए एक डवलपमेंट बोर्ड बनावे और पटेल आयोग की जो संस्तुतियां थी उनको भी लागू किया जाए। बस इतना ही मेरा आपसे निवेदन है।

THE DEPUTY CHAIRMAN: Now we will have the Short Duration Discussion on the Industrial Policy. Four hours were allocated for it and 33 minutes have been taken. If the House so agrees, we can skip the lunch hour—not lunch—so that the discussion can continue. I request the Members to please abide by the time so that we can ask the Prime Minister to come and reply. So, the reply is slated at about 4 o'clock. Shri A. G. Kulkarni.

SHORT DURATION DISCUSSION ON NEW INDUSTRIAL POLICY—Contd.

SHRI A. G. KULKARNI (Maharashtra): Madam Deputy Chairman, I rise to support the new Industrial Policy adopted by the Government of India.

In this respect, I am not casting any reflection. It might be my weakness that what the previous speaker, Dr. Jain, spoke here, I could not understand I was listening to him, but what the thrust of his speech on the Industrial Policy was, I could not follow. It was beyond my comprehension.

Madam Deputy Chairman, I would draw the attention of the House particularly to the fact that this country is now at the cross-roads or the threshold, or whatever you may say, of taking a bold decision to adopt a policy which will help the economic growth, industrial growth. In this connection the world over there is a sea-change.

[The Vice-Chairman (Shri Bhaskar Annaji Masodkar) in the Chair]

The change of guard is taking place

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): I am happy that you are calling us "guards."

SHR A. G. KULKARNI: Welcome.

Mr. Vice-Chairman, what I was saying is that the world over there is a sea-change in the approach of various countries with different political hues to adopt a policy which will suit the growth of those countries.

Mr. Vice-Chairman, in this country there has been the Industrial Policy Resolution. It has been amply stated that the first policy document on the Industrial Policy was brought out by Late Pt. Nehru and Late Prof Mahalanobis. At that point of time there was a necessity that this country which had attained the freedom, should have commanding heights in producing products in the core sector, and the core sector, the heavy industry was brought in the public sector because private capital was shy of investing such huge sums.

Then, Mr. Vice-Chairman, Panditji also adopted a policy of centralised planning because his was a socialist view. He thought that a public sector would bring in more resources and create such conditions in the country which would support other types of industries, engineering or consumer etc.

Then, Madam Vice-Chairman,....

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): You cannot forget Madam.

SHRI DIPEN GHOSH (West Bengal): Who dares?

SHRI A. G. KULKARNI: Mr. Vice-Chairman, Madam Gandhi, the late

[Shri A. G. Kulkarni]
Prime Minister, also brought in a little change in the perspective of the Industrial Policy adopted during Pt. Nehru's time.

This is a gradual change, Mr. Vice-Chairman. One Prime Minister, commensurate with the conditions in the world as well as those in the country, is changing the policy slowly to tailor it to the present conditions and present requirements of the population, economic growth, creating employment etc.

Then, Mr. Vice-Chairman, during the time of the late Prime Minister, Mr. Rajiv Gandhi, another thrust was given, and that slant was the Technology Missions. Various technology missions were instituted and technology was encouraged. Thereby a new policy thrust was also initiated. I am giving this historical background just to impress upon the present ramifications of the Industrial Policy. I am not quoting the 1956 or 1973 or 1980 Resolution, because it will take time. But, Sir, I, myself have been brought up in an atmosphere of socialist thinking. During the last three or four years we Members from Maharashtra, particularly those within the Socialist group, discussed our economic policy. We came to the conclusion that we may miss the bus if we go on like this. It is to the credit of the new Government of Shri Narasimha Rao and his colleagues that they have initiated a very bold policy. They have taken a risk. Many friends will say perhaps it is under the dictates of the IMF. I don't bother whether it is under the dictates of the IMF or not. If I am suffering from a disease, I will take a medicine which will bring me back to health. I don't think this policy change has done any damage or has sold the country. This is just propaganda of various political parties.

SHRI YASHWANT SINHA (Bihar): Including the Congress (I).

SHRI A. G. KULKARNI: Not including the Congress (I). If the Congress (I) is there, it is our internal affair

and we will discuss it at our party forum. (Interruptions)

Sir, there is a significant speech which I would like to quote here Mr. Gorbachov, the President of Russia, made a speech in the Russian Parliament. There he said now the time has come for the USSR to adopt Western type of industrial development, which is market-friendly and technologically innovative. This is the sum total of his speech.

SHRI DIPEN GHOSH: Is it that some Gorbachov has infiltrated into the ruling party of our country?

THE LEADER OF THE OPPOSITION (SHRI S. JAIPAL REDDY): Mr. Vice-Chairman, Sir, it has become fashionable for many people in this House and outside to keep quoting Mr. Mikhail Gorbachev's market friendly economic policy. You see, Mr. Gorbachov may be correct in the specific conditions of the Soviet Union. They don't have mixed economy, while we have mixed economy. Our economy has been a market-friendly economy. In the Soviet Union they were not having this market-friendly economy. Therefore, any analogy drawn upon the Soviet Union is totally irrelevant here.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): He is entitled to quote anybody including Mr. Gorbachev. You cannot object to it.

SHRI A. G. KULKARNI: Mr. Vice-Chairman, you don't worry, I can take care of all these things. The Leader of the Opposition might say whether it is relevant or irrelevant but it is for you and for me to decide whether it is relevant or not. For Mr. Jaipal Reddy, Mr. Gorbachev may be irrelevant to him. His leader Mr. V. P. Singh is a confused person. What can we do? During his regime he did not lay down any industrial policy. Therefore, market-friendly economy, mixed economy or socialist economy or communist economy or confused economy.

THE VICE-CHAIRMAN (Shri Bhaskar Annaji Masodkar): You please come to your point.

SHRI A. G. KULKARNI: So confused people should not make any claim.

The *izvestia* newspaper from the Soviet Union also said that the Indian experiment of centralised planning was a failure and for that purpose they have recommended new market-friendly economy should be brought in. You know the analogical and historical perspective of this new Industrial Policy. Perhaps my friends know that I am a person who works in the fields, I don't merely sit here. I spend a very little time in Delhi when Parliament is in session; otherwise I am on the job in the cooperative sector where we run various types of industries -- textile mills, cooperative sugar industries, engineering industries and big dairy milk-producing centres just like Amul. We have made it clear that unless the technological innovation is opened in this country we are not expected to get the latest technology from abroad. We cannot get products at cheaper rates in this country. For that purpose, I welcome the new Industrial Policy which has been announced by the Government. But implementation of all policies depends on various circumstances particularly the investment, infrastructural facilities and the human resource development.

Mr. Vice-Chairman, I know that you also read Marathi newspapers. Recently there was a report that a delegation from India went to Mauritius. Why all our policies are failing? It is because of the population growth at phenomenal rate. We are not making any progress in the implementation of family planning programmes. But in a small country like Mauritius, mostly inhabited by the Indian people, whether they are Tamils or Biharis or Marathis they have adopted

a novel idea. It was reported in the press. A lady interviewer had visited Mauritius along with the Indian delegation. She interviewed some of the women living there. They told her that they have got beautiful houses. She asked a woman there "How many children have you got?" She replied "Two children." She visited at least a hundred homes and interviewed the women. They all told her that each family has only two children. She asked them: "Why?" One of the women told her, "If I have the third child, I have to pay more income tax." So, Mr. Vice-Chairman, for this Industrial Policy to attain success, infrastructure development, not only development of energy and others but also human resource development, is very necessary.

When the Government has announced an ambitious Industrial Policy, its Budget is not in tune with the Industrial Policy and general expectations. What have you done? You have given a call for industrial development and economic growth. But what is the Budget provision for the infrastructure? The statistics are, coal—2.5 per cent increase than last year; power 5.5 per cent; telecom—9 per cent; transport—1.8 per cent and Railways—6.5 per cent. For such a vast country, is such a small investment in infrastructure enough? For the effect of the Industrial Policy to be felt by the people, it will take 10 to 20 years. But, Mr. Minister, the effect should be felt within a minimum period of five years and for that, infrastructure development has to take place.

I have gone through various aspects of the Industrial Policy. I commend to this House application of its mind to them, particularly, upgradation, modernisation and technological advent.

There is another aspect I would like to touch upon and that is, foreign investment. In this respect, the policy is very adversely criticised.

[Shri A. G. Kulkarni]

But I do not think that there is anything wrong with that. The country is not said to multinationals as many people feel. Always mentioning China and Russia is not going to be appreciated by my colleagues on the right. Foreign investment in China is many times more than that in India. In India, you have got a very paltry foreign investment. Russia is begging for massive foreign investment. East European countries, particularly the Communist countries, are also accepting foreign investment and technological advent. Foreign investment is a must for technological collaboration. I am one with my friends from all the parties, whether Congress or Opposition, that you have to be very careful with this foreign technology which will be invited or encouraged. It must not encourage items which are luxury items.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Your time is over.

SHRI A. G. KULKARNI: Sir, I may be given another 10 minutes, minimum.

Please do not do it, for Heaven's sake, with consumer items. Don't commit that mistake again.

Mr. Vice-Chairman, now I have to be hasty because you have said that my time is over. I wanted to quote various figures, in regard to the public sector, as to how much investment has been made—about a crore of rupees—, how much employment is there—about 24 lakh people—, how many sick industries are there, etc. I have information collected from the library. A major portion of the public sector is the taken-over sick industries. This is not the proper way of giving a performance sheet of the public sector. Please segregate it. The public sector is mostly for core sector industries or for producing certain products needed for the growth of economy in this country, leave aside the sick industries. Now today also, our in-

vestment of the banks in the sick industries is roughly about Rs. 6,000 to Rs. 8,000 crores. Out of that, small scale industries have a share and other big industries have a share. I do not want to say anything on the sick industries as to why they were sick or why they were not sick. But I would request the Government that there should now be a policy and during the last four-five years, right from Rajiv Gandhi's period, the policy adopted has been that the Government will not take over the sick industries because they are sick. The Government will try to help the employees who are thrown out but the sick industry is the baby of those people who made it sick and not the Government and they should be penalised. The Government is neither an orphanage nor a maternity home. So there should be a policy on the sick industries. Yesterday only, a statement regarding the small industries policy has been made. I am very happy to know about it. It may not satisfy everybody but it is an effort in the right direction. It will take more time to concretise all the policies in a way which will really help the industries. Even if you achieve 25 per cent of what you have stated, Mr. Minister, that would be a great achievement. But the point is, the bureaucracy and the district level administration on industries is totally corrupt. I will give an example. I was working in the small scale industry. Though it may be a powerloom business, it is a totally corrupt administration at district level and it has been stated time and again that it is a State problem. Then the licensing system. All the other systems which are centralised in Delhi have also a major share of corruption and if these policies have to be successful, then this is one of the lacunae which have to be done away with.

Then there is a problem of employees. I do not know whether the exist window is possible or not. I am not in dispute with anybody.

But at least the trade unions and their leaders should be persuaded to accept that if any policy has to be successful, the production has to be linked with the wages. You don't have an exist because you have given the example of the BIFR. The BIFR during its existence has not even solved the cases of five units and closed the units. I would suggest that if you can have the regional offices of the BIFR, it would be better. Today morning, I met a delegation of industrialists from Bombay who have come to Delhi in connection with a case before the BIFR. The time has come when the BIFR should have the regional offices with authoritative power so that the industrial sickness will be redressed immediately. But for small scale industries, the BIFR has no use and for that purpose, if the productivity and the wages are interlinked, then only this policy can work.

Before closing, I would like to say that there are certain aberrations that I brought to the notice of the Finance Minister. But I do not know how he looked at it. 1.00 P.M. in the recent Budget you have taxed the fertilizers, you have taxed many other products and the mistake made during Mr. Tiwari's time as Finance Minister is again repeated. A concession is given to the synthetic yarn producers of synthetic yarn, PFY etc. I received a telegram from Surat, Malegaon, Bhiwandi and Tamil Nadu. They say this is a concession which has to be passed on to the consumers or powerloom weavers. Surat which produces synthetic fabric for export has got a formidable complement of powerlooms. So is the case with Bhiwandi and Tamil Nadu. I know you have given concessions. I have no dispute whatever with the reasons you give, but I think it is an aberration. So the hold of the industrialists on the Government is still there. I do not know; you promised me that whatever concession has been given will be passed on while selling the yarn

to the powerloom weaver who is himself an exporter. Mr. Tiwari also promised and assured us here that the benefits would be passed on; otherwise, it would be taken back. In this new Government a person like Dr. Manmohan Singh who is a technocrat Finance Minister will show boldness to take that back; otherwise, the beneficiary in the large scale producer. Ethylene is a product which has been lucky and on that, the customs duty has been reduced. Will the benefit of that reduction of customs duty be passed on to the small-scale sector?

Last point. The small-scale sector policy has been given to us only yesterday, but I do believe more discussion will take place. ... (Interruptions)... You say that credit flow will be unhindered and subsidised. You gave us subsidised credit. I say, "Give us credit only." I am demanding credit, not subsidised credit. Mr. Vice-Chairman, just see the fun of it. I raised the issue of nationalised banks' attitude to the small-scale industries in January, 1991 and earlier also. No Finance Minister was ever what you call attentive or cooperative, but to the credit of Yashwant Sinha, he replied. But what has happened? You know in Maharashtra there is a saying, Tamil Nadu Government is best because if you apply, they say, "no; no vacancy." But if you apply to the Maharashtra Government, they take time to say "no vacancy". ... (Interruption)... If I go through all these matters it will take a long time—that is banking sector, small-scale sector etc. It is entirely a fraud on small industry. What type of banking flow and credit flow are you going to assure? I am going to send some of the replies as well as the points made by us. What is this National Equity Fund Mr. Kurien the national banks not only exploit but squeeze the blood of the small industries. The banks have put many burden like service charges, this and that. The interest which

[Shri A. G. Kulkarni]
was 14 or 15 per cent goes up to 22 per cent. It is increased by 7 per cent!...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):
You can send all those details to the Ministry concerned.

SHRI A. G. KULKARNI: That I will do, Sir. That is usual practice.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):
I think you are concluding.

SHRI A. G. KULKARNI: Yes, I am concluding. I think my friends from the Opposition will pounce on the multi-nationals' entry saying we have sold our country to the West. Nothing like that. This is all academic talk discussed in the research organisations, wherever they are. I think, this is a most pragmatic policy that Government of India has brought. You have started in the right direction. Keep on that track. Don't get afraid of the criticism from various quarters. You are on the right path. Don't worry and go ahead like this. Thank you.

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra):
The last point was very substantial.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):
I call Shri Gurupadaswamy and wish him also "happy returns" because it happens to be his birthday.

SHRI M. S. GURUPADASWAMY (Uttar Pradesh): Sir, I am honoured by you and by the Members of this House. I express my gratitude for their felicitations. (Interruptions)...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):
I thought that he may celebrate it in silence.

SHRI M. S. GURUPADASWAMY
Sir, for a change let us start with story. There was a devil. The devil visited a person and he told the person that unless he does one of three things he will die immediately—either he should kill his servant or beat his wife or, thirdly, he should drink wine.

SHRI A. G. KULKARNI: Wine or whisky?

SHRI M. S. GURUPADASWAMY
Liquor.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):
Don't bring in liquor.

SHRI A. G. KULKARNI: Sir, wine is a little mild. Let him have some rum or whisky because that will give him some kick.

SHRI M. S. GURUPADASWAMY
Sir, I have no experience.

DR. BAPU KALDATE (Maharashtra): You can take advice from him.

SHRI A. G. KULKARNI: You can take advice from me.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):
See, Mr. Gurupadaswamy, he can propose a toast to you today.

SHRI M. S. GURUPADASWAMY
I drink toast but not with wine.

SHRI A. G. KULKARNI: But with champagne. (Interruptions)... Champagne is a better wine. (Interruptions)... It is a bubbling wine.

SHRI M. S. GURUPADASWAMY
Sir, let us go on with the story.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):
Story of Industrial Policy.

SHRI M. S. GURUPADASWAMY:
Sir, the man thought that he should not kill his servant because he is so loyal to him. Then he also thought how he can beat his wife; she is so loving to him. Then he decided to drink the liquor. He drank the liquor. After he became drunk he killed his servant; he beats his wife and he found that he had done the very opposite thing that he wanted to avoid. Dr. Manmohan Singh has done the same thing here. By his new Industrial Policy he wanted to bring about healthy changes to preserve and develop our economy. But instead of doing that, as the drunken person did, he has destroyed the very paradigm of Indian economic development which was built up over decades. He wishes to change the very basics that we had accepted in the past which, to a large extent, proved beneficial to the Indian economy. And he starts his statement with a certain touch of hypocrisy. He has said that the goals and objectives set out for the nation by Pandit Nehru on the eve of independence remain as valid today as at the time of Pandit Nehru first set them out before the nation. This is the touch of hypocrisy. And he goes on to say that he has been following the 1956 Industrial Policy Resolution in which priority was given to the role of the State to assume a predominant and direct responsibility for industrial development. I do not want to doubt the *bona fides* of the Finance Minister. But I question his wisdom. I question his wisdom in bringing certain proposals which go against the very framework, the very basis and the scheme that was evolved for decades. I know with the change of times some changes are necessary. I don't deny that. But I am totally against going against the entire philosophy on which our industrial structure is based. He has been reversing—he calls it continuity with change. On the contrary, I see a reversal and revision of the economic policy which has been built up. What important is he is turning the clock

back and undermining the very bedrock of economic development which we have built up. He has shown himself before the world as a supplicant, a helpless dove, before the World Bank and the International Monetary Fund. He has denied that he is acting at the behest of the World Bank and the International Monetary Fund. I wish I could believe it. That is why I said there is a touch of hypocrisy here also. He should have been candid and frank in saying that there has been a study by the World Bank and the International Monetary Fund about our economy, I agree with these findings, I too follow their advice. But he says, "No, I am not being dictated by the World Bank or the International Monetary Fund." Sir, I refer to the document of the World Bank published in November, 1990, on India. Please go through every paragraph of the document. This document is extraordinary, in the sense that it is an exact copy, it is an Indian version of the World Bank Report on India. On every item, every issue that the World Bank discussed and the observations made by the World Bank in respect of licensing, investment, technology and then foreign equity participation, the deviation in the trade policy, import regime and in every other aspect, the Industrial Policy statement is a copy of that document. This is an Indian version of the World Bank document. I consider the World Bank document as an indictment on the Indian economy. I do not deny the right of the World Bank or the International Monetary Fund... (Interruptions)...

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):
Please conclude... (Interruptions)...

SHRI M. S. GURUPADASWAMY:
I do understand the constraints on time. I will try to be brief and I will not elaborate. I will abridge my thoughts. I was saying that the World Bank has prescribed a certain

[Shri M. S. Gurupadaswam]
medicine, a recipe for India. It is a foreign recipe taken by the Finance Minister and he has only put an Indian label. Nothing more was added to this foreign recipe. The World Bank prescribes market mechanism in trade, lowering of protective tariffs, abolition of restrictive licensing system, elimination of quota restrictions and the reform of the import regime and it talks of a comprehensive complementary macro-economic programme which involves measures to enhance revenue, curtail expenditure, restore fiscal equilibrium and limit domestic demand. For this, the World Bank has prescribed that India should agree to invite foreign capital, multinationals, to allow foreign equity participation to the extent of 51 per cent, to devaluation to the extent of 20 per cent and to scrapping of all restrictions on international trade. I am not totally opposed to some of the suggestions made in respect of deregulation, deregistration, decontrol etc. But I oppose totally the suggestion made by the World Bank in respect of equity participation multinational participation in equity, here. If you accept this, then the multinationals will invest 51 per cent on industries except certain specified categories. And, Sir, this will do away with the 1948 Resolution which says specifically that the major concern of India should be to have ownership and control over major industrial enterprises and, for that, they have said that foreign participation should be a minority participation. They prescribed 40 per cent later for foreign participation. It was diluted later by the Government of India in special categories in special circumstances in special cases. Now, it is a blanket sort of permission for the multinationals to invest 51 per cent and to have control. What is the consequence, Sir? They may bring technology. But that technology may not be relevant to us relevant to our economy. We know what they brought, what the multinationals have brought to the other countries

and with what consequences. They bring second-hand technology, inappropriate technology, obsolete technology, costly technology, which are rejected by their countries. And, Sir, they bring their own capital, and they control and manage our companies. Decision taking does not rest with the Indian Government or with the Indian entrepreneurs. Decision taking is done in Washington or in London or in Germany. They take major decisions about our economic development! If this is not a sell-out, what else is it? It is an open door for the multinationals to enter our market. They are permitted, in this document, not only to invest money in industry, but also to invest in marketing activities. They market, and they also bring their own managerial talent and they also bring their own plant and machinery. Sir, what is happening to enterprises in some countries where multinational operate? Not only is decision-taking done elsewhere and not in those countries, but also there is a danger of the multinational companies working against the very Government of the country under which they operate. They may destabilize the Government there. They may bring or import wrong politics, wrong activities. So, this is the kind of thing that is being contemplated now under this.

Sir, I am surprised that the MRA Act is being amended to this extent that they have taken away Chapter III. Even in England and America there are anti-trust laws, anti-monopoly laws, which prevent concentration of wealth.

If you take away that Chapter III and confine that Act only to deal with unfair monopoly practices then your egalitarian philosophy, your egalitarianism or socialism goes away. You are opening the doors to the concentration of wealth in the hands of a few people. It is a very dangerous concern. I don't think it is a Nehruvian ideology. I don't think so. It is totally against Nehru

philosophy, our philosophy of the past.

Sir, my friend, Mr. Jaipal Reddy, was just intervening and said that have opted for mixed economy. We have not opted for Communist type of economy. My friend was quoting Gorbachev. Yes, Gorbachev has learnt a lesson. Communism does not work. Total monopoly of the State does not work. Market economy in the Soviet Union is different from what we are talking about here. They want to liberalise. We have been following socialist democratic pattern for long. We need not learn from the Soviet Union or the East European countries at all. Therefore, let there not be any parallel.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Please conclude.

SHRI M. S. GURUPADASWAMY: I am just finishing.

Dr. Monmohan Singh seems to be very much attached to privatisation. What we have got has got to be preserved, developed, expanded and run well. If there are drawbacks, weaknesses in the public sector, they have got to be corrected. Now the public sector is sought to be thrown open to the private sector. It will be a joint sector. Hereafter, there will be no giant sector. There will be only joint sector and private sector and co-operative sector. Perhaps.... (Interruptions).

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): He is concluding.

SHRI M. S. GURUPADASWAMY: Sir, there are weaknesses in the public sector. They are inefficient. There is lack of accountability. All are there. But they have to be removed. These weaknesses have got to be removed. But the same things are corruption. There is nepotism, there

found in the private sector. Private sector is creating havoc in this country. That has also to be looked into. I am not in favour of private sector. I am only on this point that the public sector should not be diluted. I am not totally pleading for nationalisation for the sake of nationalisation. Public sector has got to play a very important, healthy role. It has to remain at the commanding heights of the economy still. Therefore, the public sector has got to be streamlined and strengthened. I think, my friend, the Finance Minister is taking a leaf from Thatcherism. Thatcherism brought about privatisation in England. They have de-nationalised civil aviation, perhaps, steel, perhaps tele-communications also.

SHRI JAGESH DESAI (Maharashtra): That was a Conservative Government.

SHRI M. S. GURUPADASWAMY: With what results? Let it be a Conservative Government. But with what results? The results are disastrous in England.

Therefore, Sir, this gives an open invitation for privatisation of public sector. And it is retrograde. And it is reversal of the policy. I want healthy changes, but not this type of changes. I am all for removing bottlenecks. I am for removing unnecessary procedures, various kinds of rules and regulations which are operating as millstone round our neck. I do not want that in the name of nationalisation, bureaucracy should rule. I do not want bureaucracy. As a matter of fact, I am against bureaucratic control of the public sector. I want autonomy in public sector. They have got to be professionalised. Technical, professional people have not to be there. (Time Bell) one of the greatest drawbacks in public sector is that officials have been transferred and put there. They are not experienced, of any sort.

[Shri M. S. Gurupadaswamy]
 They are inefficient and corrupt. I am against bureaucratic control. Let us not mix bureaucratisation with nationalisation. In some sectors we have bureaucratised. That has got to be ended. Sir, as a Minister in the Government in the past I had the experience of dealing with officials. Cabinet decisions. Government decisions have been thwarted, mauled, defeated and not implemented at all. Cabinet decisions. And they had the audacity of going against Cabinet decisions. There are instances. I do not want to quote.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR: You have read the book 'yes, Minister'?

SHRI M. S. GURUPADASWAMY: I am against such kind of officials. They take shelter under the rules regulations and procedures and thwart the decisions of the Cabinet itself. (*Time Bell rings.*) This sort of thing should not be there.

Therefore, Sir, I say that this is a very extraordinary document—extraordinary in the sense that it has brought about deviation, it has brought about distortion and introduced disturbance and dislocation in our economy. And this is a Magna Carta for multinationals. And this is a grand testimony of confession on the part of the Finance Minister that India is a beggar, it is a supplecant and it is a petitioner at the doors of multi-internationals, at the doors of the IMF and of the whole world. I want foreign capital but not on the terms dictated by them. We want foreign capital, we want foreign technology, but on our terms. We want Indian economy to remain as indigenous. We do not want to surrender economic sovereignty. We do not want to surrender our economic freedom. We do not want to mortgage it.

Sir, we should know and understand the East India Company. It was a trading company. And these multi-

nationals made India an economic colony in the past and they will do so if they are allowed to operate.

Thank you, Sir.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Mr. Jadhav. Ten minutes.

SHRI VITHALRAO MADHAVRAO JADHAV (Maharashtra): Sir, I have a written time of 15 minutes. I will try to complete my speech within the time limited.

Mr. Vice-Chairman, Sir, I was very patiently hearing my esteemed colleague and a very senior parliamentarian, Mr. Gurupadaswamy. He has raised very valid points, Sir, while accepting and welcoming the new Industrial Policy statement by the Government of India, which was brought before Parliament on the 21st July 1991, I would welcome this policy, but with a lot of reservations.

Sir, if we look to our industrial growth, I thought that this industrial policy should have been formulated from the angle that a large part of agriculture should have been treated as industry. If we look towards the statistical data right from 1950 till today we will find that at the most 10 per cent of our population from agriculture shifted to industry. In 1950-51, 20 per cent of the population was dependent on industry and 80 per cent on agriculture. If today we look up, 70 per cent of the population is rural population and 30 per cent is the urban population. I do not agree that all the entire 30 per cent of the population is also dependent on industry. Due to the policies and programmes of our Government, at least we could be successful to shift 10 per cent of our population from rural areas to the urban areas. And this population is dependent on industry and trade. I would have been more happy if a fundamental or basic study could have been made of what industries we have which could generate a large number of employment opportunities. The hon Finance Minister was replying, yesterday in this House on

fertilizer and stated that 3 per cent of the US population is engaged in agriculture. The same thing is in European countries also. But in our country 70 per cent of the population is depending on agriculture. Our economy is basically an agro-based economy. It is not an industrial based economy. It is a rural economy. But we cannot adopt those things which are prevalent in USA and in European countries because there is a lot of cultural difference. There is a lot of difference in the cultural heritage then the psychology of the people. There are so many castes and customs in our country. It would not be practicable to adopt the same things which are prevalent in USA and other advanced countries. Though I say that there is a good industrial progress, if we could not achieve what is needed or what is the need of our country, then it is of no use. When we look towards the index of industrial production we can see that there is industrial growth. In 1981-82 it was 9.3 per cent. In 1982-83 it was 3.2 per cent. In 1989-90 it was 8.6 per cent. It has come down to 8.4 per cent in 1990-91. There is a deceleration of the growth.

Sir, there are three main categories of industry. One is the mining industry. The second is manufacturing and the third is the power generation. The total IIP of the manufacturing industry is 77.11 per cent and 11.46 per cent is of the mining industry and 11.43 per cent is of the power generation industry. But the problem is that the mining industry and the power generation industry are in the public sector.

Let us see what is the performance of the public sector industry. If public sector industry does not perform properly, I have no objection to hand it over to the private sector. I would like to give one example. Sir, you also come from Maharashtra and you live in Bombay. I also live in Bombay. For not a single minute the power supply has failed in Bombay because in Bombay the power is supplied by the Tata Electric Company.

SHRI DIPEN GHOSH: What happened during the last month and this month in Bombay?

SHRI VITHALRAO MADHAVRAO JADHAV: Sometimes it happens due to heavy rain. We cannot control nature. There are very heavy rains in Bombay. If nature disturbs then the private sector sometimes gets disturbed. I don't talk of all the private sector. But as far as the Tata Electric Company is concerned, they are doing very efficiently. If some private sector unit comes forward to take the responsibility of the power supply and if they are in a position to remove the anomalies of the functioning of the public sector then we will be very happy. We will welcome it and hand over to them. My friend Shri Dipen Ghosh and other Members know that we have national highways of sufficient length. One of the best national highways is from Bombay to Pune. This is one of the best highways. But if you go today by that national highway you will find lots of pits on the road and the traffic takes six hours from Bombay to Pune. The distance is hardly 180 kilometres. If any private company comes forward to take the responsibility where the Government has failed miserably, I will not mind if that responsibility is handed over to that private company.

It is not a question of the Government. The Government is after all made of all private people. Nobody is public and nobody can remain public for ever.

SHRI DIPEN GHOSH: Why Tata impressed you?

SHRI VITHALRAO MADHAVRAO JADHAV: I don't know either the Tatas or the Birlas. Mr. Dipen Ghosh, I am coming to your industry. The most important industry in our country is the textile industry and jute industry. When we look at the performance of the textile industry and jute industry, we find the maximum number of sick textile mills are in Bombay and some other parts where they do not perform well....

SHRI DIPEN GHOSH: All private textile mills are going sick and the Government had to come to their rescue.

SHRI VITHALRAO MADHAVRAO JADHAV: I quite agree with you. The textile mills, large number of work—the cream of the projects and they have left the textile mills sick. Now, the proposal is for labour participation in the industry. In Maharashtra, the farmers have formed co-operative societies and they are running successfully. There are co-operative sugar factories. I am very proud to say that out of 100 such co-operative sugar factories, 95 of them are running very well and earning profit. I want Mr. Dipen Ghosh to see this point. In the textile mills, large number of workers are there: similarly in the jute mills. In the case of such of the mills going sick, the Government should take up the responsibility of forming co-operative societies of the labourers and such mills should be handed over to the workers to run them. This will serve our proposal of labour participation in the industry. I am of the firm opinion that the Government must adopt this procedure.

When we look at the data which is available in the Economic Survey, we find the number of Letters of Intent which have been issued in 1988-89, 1989-90 and in 1990-91. In 1988-89, the number of Letters of Intent issued was 1215 and for the backward areas, the number was only 610. In 1989-90, total number of Letters of Intent issued is 1155 and for the backward areas, the number is only 550. In 1990-91, the number of such Letters of Intent issue is 931, and in respect of backward areas, it is only 399. From the very beginning, we have been talking in this House as well as the other House that we want to decentralise industry. But what should be the main thrust of our policy, is the main question. I agree with you that nothing is mentioned in this policy. During the earlier periods, whether it was the Janata Dal Government or the Congress Go-

vernment, the data available shows that they also did not cross the limit of 50 per cent of the licences for the backward areas. I would have appreciated if in this policy statement, it could have been indicated that licences would be given in gram panchayat areas, and industries would come up in rural areas where a large section of our population is dependent on agriculture and the need is to shift some of that population from agriculture to industry. So, I would have appreciated if some indication could have been given. I think we should follow one principle that if 70 per cent of the population is living in urban areas, at least 70 per cent of industrial licences would also be issued for the urban areas. We must adopt this principle, and unless we do that, we are not going to have any economic progress. That is my personal opinion.

Another important thing is, while making the policy statement, the hon. Minister has used those very popular sentences of Pandit Jawaharlal Nehru, that our main goal is rapid agricultural and industrial development in the country, rapid expansion of opportunities for gainful employment, progressive reduction of social and economic disparities, removal of poverty, etc. These are very much valid today. But I do not find anything in this new industrial policy. What is your target of employment? What is your target of production this year? I do not find any indication (*Time bell rings*)

SHRI S. JAIPAL REDDY: Please give him some more time. He is making the right speech.

SHRI VITHALRAO MADHAVRAO JADHAV: The growth has degenerated from 9 per cent last year to 8.4 per cent this year. Is there any target for the industrial growth for the next year, say, 10 per cent or 12 per cent? Whenever newspapers appreciate our stand, I feel that we have somewhere gone wrong. On the

question of maintaining the subsidy also, there were two editorials in the 'Times of India', today also. We must see what is to be done for the industrial development of this country. It has been said in the Industrial Policy that the share of the multinationals would be 51 per cent. From where are these multinationals going to come? How is our monitoring system? If anyone holds 51 per cent shares in any company, he becomes the owner of that company. Also, the Government is going to amend the MRTP Act to make it 100 per cent. I will not mind this. But at the same time, how are we going to mobilise foreign exchange? How much foreign exchange could these multinationals hand over to our country? What type of technology are they bringing? My friend, Shri Gurupadaswamy has rightly said that they are bringing second-grade technologies. We had a discussion about the Pepsi Company. They have violated the norms which were imposed upon them at the time of giving the licence. We must impose certain restrictions. If the Gateway of India is going to be kept open for the foreigners, they would come in, have the grip and would leave us bankrupt. This should not be the case. Are we going to fulfil the dreams of Pandit Jawaharlal Nehru or are we going to totally destroy them? We have given Industrial Policy Statements in 1948, 1956, 1973, 1977 and 1980. We are in need of high-grade technologies.

We are members of the Consultative Committee on Science, Technology, Atomic Energy and Space. We have visited our scientific laboratories and our scientists have told us that we have got all the high-grade technologies available which are not available even with the advanced Western countries. Then, why are we asking for technologies from abroad? We are proudly saying that we are the third largest technological manpower country in the world. All these manpower has been borrowed from the Western countries and now we are going with a begging bowl to those

countries for technological manpower. What are we going to do for the technological manpower which has gone abroad?

SHRI JAGESH DESAI: Yesterday, I heard in the other House that most of those who are running the multinationals are Indians. That is what the Finance Minister said yesterday.

SHRI VITHALRAO MADHAVRAO JADHAV: If it is true, those Indians who are coming back with all their wealth from abroad must be encouraged and be utilised to reconstruct a modern India. But I know, it is not possible. These multinationals have only financial and economic interests. They are not the citizens of India. So we must ensure a strict monitoring system. Sir, I will take two minutes more.

Another important thing is, every year, a number of engineering graduates are coming out of our engineering colleges. My friends, Mr. Jagesh Desai and Mr. Puglia, know it. We have 50-60 engineering colleges. Every year, about 16,000 engineering graduates are coming out of these colleges. Maharashtra is a State which is very efficient in administration and very efficient in running industries. These engineering graduates who are coming out should be encouraged to set up co-operative societies, technocrats' co-operative societies. They should be given financial and other assistance. This will give a tremendous boost to industrialisation.

Then, the Government has changed the industrial licensing policy. No licence is required now in the case of many industries. But you have to provide them with finance. What directions have you given to the financial institutions? What should be the attitude of the Reserve Bank of India? What should be the attitude of the various banks? These things should be clarified.

I agree that for the purpose of industrialisation of any State or any area, the licence and other things

[Shri Vithalrao Madhavrao Jadhav] should be given at one window. There should be no delay. For this purpose, the bureaucratic set-up is being totally restructured.

SHRI JAGESH DESAI: Except in the case of a very few industries, no licence is required for setting up industries.

SHRI YASHWANT SINHA: Banks will be privatised.

SHRI VITHALRAO MADHAVRAO JADHAV: I do not agree that banks should be privatised. I am the sworn enemy of privatisation of banks.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Don't enter into a debate on this. Please conclude.

SHRI VITHALRAO MADHAVRAO JADHAV: Sir, yesterday, the policy in regard to small-scale industries was announced. But there is nothing much in it. The investment limit has been increased. Here, I would like to make a request to the Government, through you. When they have increased the investment limit, they should also increase the limit in relation to exemption from excise duty.

Now, the big industrial houses will also come into the small-scale sector. They will capture the small-scale sector. If they do so, the small-scale entrepreneurs will go somewhere else or remain unemployed. Then, Sir, apart from the excise duty exemption, sales-tax and other concessions should be given to the entrepreneurs in the small-scale sector.

Another important thing is, what about the food-processing industries? What about the agro-industries? These should also be given to co-operative societies or to private entrepreneurs who will do it properly. With these few words, I conclude.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR):

These are not 'few words'. These are 'many words'.

SHRI DIPEN GHOSH: Mr. Vice-Chairman, Sir, I rise to oppose the Industrial Policy Statement because it rolls out the red carpet for the foreign investors, more particularly, for the Western multinationals, and relaxes the anti-monopoly laws. I oppose this Policy Statement because it reposes greater faith in the private sector and foreign capital than ever before in independent India. I oppose this Policy Statement because it seeks to introduce drastic and wide-ranging changes and reforms in licensing and in regard to establishment of industries in our country.

Mr. Jadhav has rightly pointed out. What this new policy does is—while giving fullsome praise to Nehru—to turn upside down the Nehruvian model of socialist-cum-mixed economy. Sir, while discussing this Industrial Policy, we must trace back the history of formulation of industrial policies in our country. Mr. Jagesh Desai was rightly saying that prior to 1956 there was a policy, the 1948 policy. What was the background? Our country fought for Independence and people sacrificed their lives to free the country from the exploitation of the foreign rulers. The party which is ruling now, that party had a very great role in that freedom struggle, in freeing our countrymen from the exploitation of the foreign rulers. But, Sir, you will surely appreciate that driving out the foreign rulers was easier than creating a foundation for our economy which could sustain foreign invasion and create, at the same time, a situation so that the foreign powers could not come back in another way, through a variety of garbs, to dominate India or India's economy. So, Sir, in order to ensure that the nation never again would be dominated by any foreign power, the 1948 Industrial Policy Resolution envisaged that "The State must play a progressively active role in the development of industries."

Sir, one should recall that before the 1956 Industrial Policy Resolution came, in December 1954 there was a policy statement, and that was made by Pandit Jawaharlal Nehru. The statement declared that the object of the country's economic policy would be a socialistic pattern of society. In fact, what was the background of the 1956 policy? The background of the 1956 policy was the 1954 policy statement, what would be the economic policy of our country, what would be the goal of the economic policy of our country, that was to create a socialistic pattern of society which was declared by Pandit Jawaharlal Nehru.

Sir, you have been a Judge and now you are the Vice-Chairman here. As you know, we have a Constitution and that Constitution has a Preamble. What does that Preamble state, even now? Earlier it was a little different.

SHRI JAGESH DESAI: It was amended to bring in this.

SHRI DIPEN GHOSH: The Preamble states that India is a "sovereign, socialist secular democratic republic" to secure to all its citizens, among other things, social and economic justice. Our Constitution has a peculiar feature, and that is the Directive Principles of State Policy. We talk about Japan, we talk about the United States of America, France and Germany, but no country has got Directive Principles of State Policy in its Constitution. Sir, you know these Directive Principles of State Policy better than anybody else. I am not going to quote all the things but only one:

"39. The State shall, in particular, direct its policy toward securing—

(b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;

(c) that the operation of the economic system does not result in the concentration of wealth

and means of production to the common detriment."

2.00 P.M.

This is more important. Article 37, I quote:

"The provisions contained in this Part ..." That is the Directive Principles of State Policy.

".... shall not be enforceable by any court, but the principles therein laid down are nevertheless fundamental in the governance of the country and it shall be the duty of the State to apply these principles in making laws."

Sir, I quoted all these from the Constitution only in order to emphasise what should be the yardstick of examination of any policy, whether industrial or anything else, enunciated by the Government. The examination of the Industrial Policy has to be whether it leads the country to achieve what has been stated in the Directive Principles of State Policy, particularly the two paragraphs which I have quoted.

Sir, from this point of view, if I examine this new Government's new Industrial Policy, I must say, and you will also agree with me, that it strikes at the very foundation of these Directive Principles of State Policy and what has been stated in the Preamble. This policy also takes away the Government's responsibility of fulfilling the aim which has been enunciated in the Directive Principles.

Sir, what was the objective of licensing? Did it fall from the heaven without any reference to the realities? Everybody is saying, and the Ministers are going on the TV and saying, that it created so many hurdles, so many corrupt things, and so it should be dispensed with. What was the objective of licensing? I quote:

"One, optimal utilisation of investible resources."

[Shri Dipen Ghosh]

This is important. Particularly I quote this:

"Preventing concentration of economic power."

I quote another:

"Securing the widest possible dispersal of entrepreneurship and distribution of income."

So, it is not that some laws, some controls, some measures undertaken by the Government. They might not have clicked, but it is not because the laws were bad, the rules were bad or that there was no necessity of such laws or rules or regulations. So, the objective of licensing was to prevent concentration of economic power and to secure the widest possible dispersal of entrepreneurship and distribution of income.

But what has the new Policy stated? The new Policy has stated, and I quote:

"Government policy and procedures must be geared to assisting entrepreneurs in their efforts. This can be done only if the role played by the Government were to be changed from that of only exercising control to one of providing help and guidance by making essential procedures fully transparent and by eliminating delays."

The whole objective is lost sight of while proposing the drastic wide-ranging changes or reforms in the licensing system.

Sir, now I go to foreign collaboration and equity participation. That is most important. What was the policy so long? So long the Government's policy for foreign collaboration was selective and was based on national priorities. Now, what they have proposed to do is automatic and unrestricted approval except in a few areas. What is our experience of the

foreign collaboration? I am not opposed to taking money from abroad or for obtaining technology from them, but what I want to point out is that you have to keep in mind for whom you are producing and the needs of which section of the community you want to cater to. I do not know whether the Minister has got the time to go through the RBI report on the study of 301 select companies for the period from 1984-85 to 1985-86 based on their audited annual accounts. The result of its study is that the total expenses of these select group of companies in foreign exchange went up by 12.9 per cent to Rs. 1,043 crores in 1986-87 from Rs. 924 crores in 1985-86. The total earnings in foreign exchange of these select 301 companies were more or less the same, around Rs. 808 crores for both years. Now, they are saying they want to offer 51 per cent equity participation because in that case, according to them, foreign money will come and they will produce here, they will export abroad and they will earn more foreign exchange.

SHRI JAGESH DESAI: Are they compelled to export? There is no compulsion.

SHRI DIPEN GHOSH: It is wishful thinking. Now, what is the logic behind it? Until today it was 41 per cent. Now they have increased it to 51 per cent. They are allowing even up to 100 per cent. But, what is our experience? I am quoting from the RBI Report about the performance of the list of 100 companies which have foreign equity participation. Whatever foreign exchange these foreign companies spent, they could not earn it. Zuari Agro-Chemicals Ltd. has a foreign equity of 51.44 per cent. In the years 1987-89 its net loss in foreign exchange was Rs. 135.24 crores. The Kirloskar Cummins had the foreign equity participation of 50.08 per cent. In 1987-89 their earning was minus Rs. 7,591.20 lakhs. Union Carbide, having 50.40 per cent equity

participation in 1987-89 had a net loss of Rs. 3,909 lakhs. Bayers India Ltd. also has 51 per cent equity participation and they too incurred foreign exchange loss. I can quote from the list, but I won't like to waste the time of the House because I have already sent it to Dr. Manmohan Singh *vide* my letter dated June 29, 1991. Now, what is the performance of the multinationals or the Indian monopolists having foreign equity participation more than 50 per cent? The entire list, I have handed over to him. The amount of foreign exchange they had spent, they could not earn that much of foreign exchange, what to speak of earning more foreign exchange. During the last one decade how many foreign collaborations were granted? To produce which items? M/s. Guest Keen Williams which was given foreign collaboration to produce...

SHRI JAGESH DESAI: They have banned luxury items. Let us be fair to some extent.

SHRI DIPEN GHOSH: I am citing the example.

SHRI YASHWANT SINHA: They don't have the list of that here.

SHRI DIPEN GHOSH: They don't have the list of every item.

SHRI YASHWANT SINHA: Where is the list of consumer industries?

SHRI JAGESH DESAI: The list is there. I think 40 industries are there.

SHRI DIPEN GHOSH: Four foreign collaboration schemes were granted for rent-car-service. Ten foreign collaboration schemes were granted for producing washing machines. They are getting foreign collaboration to produce shirts, trousers and undergarments. The fields which suffer the most are capital goods manufacturing areas and machine tools manufacturing areas. They are the sufferers. Why? That is to be seen. If that point is lost sight of, then, everything

goes out of sight. When these 1948 and 1956 Industrial Policy Resolutions were adopted, what happened? All these years there was no serious attempt on the part of this Government to alter the existing unequal distribution of the productive assets particularly of land in agriculture and capital in industries. There were no land reforms. No serious attempt was made in the field of land reforms. Mr. Vithalrao Madhavrao Jadhav had pointed out about it. No domestic market could be opened, could be expanded and industrialisation had to be foisted upon that. Why it was done? Only to satisfy the ten per cent of the population and their needs, all this foreign collaboration technology and upgradation of technology have been introduced. They have introduced it in the manufacture of consumer durable goods. The entire dependence was made on the exports. The multi-national corporations come to India to invest money, to produce the goods and dominate the local market but not for exporting. What interest have they got to export? Do they export the things which they are producing elsewhere? They want to come here to acquire and to dominate the local market, Indian market but not to produce in India and export it abroad because they are already exporting. You can get Colgate Palmolive items anywhere in the world. But the Colgate Palmolive items which you will be getting elsewhere outside India are not produced in India.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: The technology transfer is always inferior.

[The Vice-Chairman (Shri M. A. Baby) in the Chair]

SHRI DIPEN GHOSH: They want to come over here only to secure the Indian market, to dominate the Indian market. So actually this was the ailment of the Indian economy. If you do not reform the land system, if you

[Shri Dipen Ghosh]
do not attempt to alter the existing unequal distribution of productive assets, particularly land in agriculture and capital in industries, the economy cannot develop. But what is happening? Privatisation has become the panacea for all. The public sector has become the whipping boy for all the ailments that afflict the country's economy today. Now, there has been a kind of fashion or I would say it is a kind of obsession—for the economic managers of our country, those in the Government particularly apart from those outside, to put all the blames on the public sector for all the evils that afflict India's economy today. There is no doubt, there is no second opinion, that public sector units need improvement in their functioning, in their working, through reducing the degree of bureaucratic interference in their day-to-day functioning and through introducing labour participation in their management. Sir, I do not know whether the Minister could read by this time because he has become the Minister of State for Industries only of late—Mr. Jagesh Desai might have helped him because he belongs to the ruling party.... (*Interruption*).

SHRI YASHWANT SINHA: He is going to help him now.

SHRI DIPEN GHOSH: The Committee on Public Undertakings—Mr. Jagesh Desai to note—in its thirty-second report submitted to the eighth Lok Sabha on the accountability and autonomy of public undertakings, recommended that a proper balance be struck between their accountability to Parliament and the need for freedom in day-to-day administration in order to enable them to function prudently in accordance with sound commercial practices. I have a great doubt whether our Minister—not only the present Minister but the then Minister of Industry also—had the time to go through that report, whether even the secretaries or the officials had the time to go through that report. It is a very high committee,

Committee on Public Undertakings. In its report, the Committee had recommended certain things. In the report, the Committee also emphasised the desirability of forming an All India Management Service for top posts and also the desirability of converting the Public Enterprises Selection Board into a statutory independent, authority capable of going into also the service and disciplinary matters to advise the Government. There are other things also in the report. What I want to say is, if you compare the two... (*Interruption*).

THE VICE-CHAIRMAN (SHRI M. A. BABY): Will you please try to conclude now?

SHRI DIPEN GHOSH: I am going to conclude.

The question is about the profit-making or the loss-incurring of the public sector. Among the existing public sector units, a large number of loss-incurring units are taken-over units from the private sector. The private sector had made those units sick. In our country, industrial units go sick, but the industrialists become healthy. How? And it is only in order to ensure that the labour employed in such units did not go unemployed and to ensure social justice, the Government had to enter and nationalise or take over those loss-incurring private sector units. And thereafter, the type of management that the Government was to give, was not given. I can discuss it industry-wise and unit-wise. But I am not going to discuss that thing. Actually, the revenue argument which is given in favour of the private sector is also erroneous. The private sector investments, at least, in the large and the medium industries have been mainly financed by the public sector financial institutions. Wherefrom they get the money? These big industrialists at the most have 7 to 9 per cent equity shares and most of the funds are coming from the public sector financial institutions. Even during Rajiv Gandhi's regime, two big capitalists of the pri-

vate sector were inducted to head two public sector units with the idea that with the commercial thrust through such people, these public sector units will get rid of their ailments, will be cured of their ailments. But what happened in the case of Air India and Indian Airlines, headed by Ratan Tata and Rahul Bajaj? What was the experience? Tata is the best private sector manager yet Empress Textile Mill went sick and it was closed down. It is not that only the private sector people are good managers and the public sector people don't have that much managing capacity or managing ability. I am going to conclude, Sir. In fact, this Government's failure to alter the existing ownership of the productive assets, particularly, land in agriculture and capital in industry, has brought this country's economy to this mess. This policy, as stated by Shri Gurupadaswamy, was not needed at all had there not been IMF conditions. Four hours before the presentation of the Budget, this policy was laid on the Table of Parliament. Why? Because this policy was fully drafted as per the dictates of the World Bank and the IMF officials and that is why I say that it rolls out like a red carpet for the foreign investors, particularly, the multinationals. This policy has therefore relaxed the anti-monopoly laws; this policy therefore has greater faith in the private sector and the foreign capital and this policy has completely diverted the attention of the Government from fulfilling the aims enunciated in the Directive Principles of State Policy. Therefore, Sir, I oppose this policy lock, stock and barrel and I would ask the Government—because this a minority Government, mind it—to keep this fact in mind that it cannot take the country's economy for a ride. This minority Government cannot ride rough-shod over the Constitution of India, its Directive Principles of State Policy. So this minority Government keeping this in view must withdraw this policy and take the views of other parties into consideration and prepare a policy

anew; otherwise, you have to pay a very high price. You may go scot-free on the floor of the House by simply giving replies to the points which are convenient to you, but ultimately you have to pay a very high price for doing injustice to the people of our country, to the principles and policies on the basis of which the freedom struggle was conducted, to the Preamble of our Constitution and also to the Directive Principles of State Policy as laid down in the Constitution. Thank you.

SHRI MURLIDHAR CHANDRA-KANT BHANDARE: Mr. Vice-Chairman, Sir, this Industrial Policy has to be viewed as an integral component of the several swift measures which the Government took on its assumption of office. These measures started with a devaluation of the rupee. Then they went to announce a trade policy. The Budget spelt out great changes in fiscal and budgetary management. And now we have the Industrial Policy. We must look at the whole problem in a holistic manner. I have found that the debate has gone one way or the other. Those who want to support the policy are saying that what we have done for the last 40 years was totally wrong and totally bad. Those who want to oppose the policy are saying that what we are going to do is equally bad and probably worse. There is no doubt that because of the radical departure from the path that we have followed—which is shown in this Industrial Policy—, doubts naturally arise as to whether whatever we have done in the past was totally wrong or whether what we are trying to do now is correct. I think the correct approach is neither to blame the past nor to blame the present, but try to reconcile both, if possible and in the process chart out a proper course for the growth of our great nation. In the first instance, it must be realised that when we look at these models, particularly the American model, they have grown, but they could not abolish slavery for two centuries. The Industrial Re-

[Shri Murlidhar Chandrakant Bhandare]

volution in the West came about when three-fourths of the world was held as colonies. In fact, it is noticed in paragraph 21 of the speech of the Finance Minister. This is how he has said: "In its initial stages the Industrial Revolution in the western world concentrated on the creation of wealth unmindful of the social misery and inequality which characterised this process. So, on the one hand, we have an example where three-fourths of the world was held in bondage—slavery was rampant—and on the other, there is India, which is so very different from anyone of these because in 1947 we removed the shackles of bondage to become independent. By 1948 there was the universal declaration of human rights adopted by the United Nations and we had our Constitution—a Constitution which contains a Preamble which says that we are committed to justice, social, economical and political; a Constitution with an "all-pervasive spirit" of liberty, equality and fraternity. That was the most-favoured phrase, in fact, that was the premise, of Dr. Ambedkar. He always advocated this spirit of liberty, equality and fraternity. I wonder whether hon'ble Member Mr. Ambedkar is here or not. Now, this commitment is totally reflected in what we did in the first four decades. It is reflected in the Industrial Policy Resolution of 1948; it is reflected in the Industrial Policy Resolution of 1956 where we opted for mixed economy. I don't think that we did anything wrong at that time because we were wedded, even now we are wedded, to egalitarian society. Article 39 of the Constitution which says that there shall not be concentration of wealth in the hands of a few to the detriment of many more has been read and I need not read it. What has happened is that in the process we had undoubtedly an unwieldy public sector. Now, let me tell those who really want to understand the problem that we cannot go to the future without analysing the past and without clear

Oil and Gas by O.N.G.C.

thinking as to what is going to happen in the present by following the policy which is now enunciated. In the process, we nationalised the sick units though the losses of the public sector are colossal. In an article by Mr. Jayaram Ramesh this is what he has given:—

"Twenty-five per cent of these losses of public enterprises are from textile mills taken over by the public sector on account of private mismanagement and sixty per cent is in the coal and steel industry."

Now, I just cannot understand as to why we did take upon ourselves to nationalise the sick units and in the process multiply the losses. But that was our commitment to the poorest of the poor in our country to which I will come a little later. If anybody were to say—I find that the proponents are saying—that we have been landed in a mess, I am not prepared to agree at all. I think it is because of what we did in the first forty years that we have a very sound technological base in the country from which we can leap forward. Power and other industries could never be developed in the private sector. Today we talk of giving to the private sector some of the things mentioned in Annexure-I. Look at the capital market. In 1970s what we could not collect in the whole year, now we are collecting in 15 days. There was no possibility of private sector ever contributing in such a large measure towards capital—intensive units which had very long gestation periods without profit. I think that is the policy which has really paid and to that extent those 18 industries are specified here and which will be controlled by the Industries (Development and Regulation) Act as the core industries. I think that what we are doing is looking back upon our mistakes, if any, and trying to improve upon them. But that is not a process in isolation at all. The process is there because there is a world of

change, a sea-change, in the international scene and those of us who are a part of this planet cannot shut our eyes to the changes which have taken place all the world over. The winter of cold war has receded. The spring time of human rights and fundamental freedoms has come in bloom. Political ideologies and differences have taken a back seat and the welfare of humanity has become the common concern. The changes have indeed far-reaching implications for nation-states and for mankind in general. The Berlin Wall has collapsed and East Germany and West Germany are united. We, therefore cannot be a silent spectator to these changes. These developments mark a crucial turning point in history and pretend a promising future for the present and future generations. I am therefore, not prepared to look at these policies as two poles opposite. I would rather look at them as two ends of a continuum and that is what is meant when the policy statement says that it is a continuity with change. I think a great responsibility lies on us to harmonise and I will come to that in a minute. All these steps which are taken have come at a time when we are, according to the statements by all the three Governments in the last year and a half, financially totally broken down. And, therefore, the responsibility on us today is all the more to see that we effectively rise from these ruins and that we are not carried away either by our past prejudices or by the personal interest which may be reflected in the policy of liberalisation, privatisation and other things.

A few of the changes in this policy I welcome to the extent that the bureaucratic controls are gone. We must welcome such liberalisation in the field of industry. I have always felt that there should be no red lights at all. Unfortunately we had too many red lights. Now they are made green. In fact, when I read the policy I felt even all the green lights have been removed and it will be all an express high-way so that you can travel at a great speed and in any

direction you like. The second point which has been mentioned is about foreign investment. Now, I am all for self-reliance, I am against multinationals coming in indiscriminately. But I don't believe in that theory that multinationals will come and destabilise the country. I think that the country is sufficiently strong and I don't think that if any foreign power has to destabilise the country it has to sneak through the door of multinationals. But the country is sufficiently strong. The people are patriotic to resist any such move by anyone to take this country for a ride. Look, even China is having a foreign investment of 600 million dollars. And we are having less than 100 million dollars. Correct me, Mr. Sinha,....

SHRI M. S. GURUPADASWAMY:
India has 200 million dollars.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: But I have a figure between 100 million and 200 million. But now what I am saying is if China could have it, and you knew what Gorbachov is saying, — I am not saying for the sake of saying— one must be conscious of the changes which are taking place in the whole world. And if all other countries feel that there is nothing wrong with foreign investment coming, I am pained when it is repeatedly remarked, "It is a wrong thing, they should not come.....". We should not go on repeating such things on serious issues like this. Saying that we are rolling the red carpet for the multinationals. No, kindly look at paragraph 25. It says "in order to invite foreign investment in high-priority industries requiring large investment and advanced technology it has been decided to provide approval for direct foreign investment up to 51 per cent foreign equity in such industries. This group of industries has generally been known as Appendix I industries." This clearly indicates that the Government is not going to let a free hand to any foreigner. Then there is the case of MRTP, MRTP was started in pursuance of the Directive Principle

[Shri Murlidhar Chandrakant Bhandare]

contained in Article 39. MRTP has its weaknesses. I personally do not like the lifting of the upper limit at all. I would have imposed some limit because it is known to directly affect the small-scale sector. So, all in all, I would like to say that we must approach this policy with caution. We must keep our fingers crossed and hope for the best. I can say one thing that losses can occur in greater multiples in the private sector also. There is no guarantee that with these policies, just because it is a free market economy, it is going to open the doors to prosperity. We must look at the position the country is in. Coming to employment, today, the first priority in any policy, in any programme and in any Plan, whether 5-year or 10-year, is employment generation. The object is to see that every citizen of this country gets all that he needs to live a life of dignity and in that context the most important factor is employment. I must express my disappointment that this policy is silent as to how it is going to generate employment. The organised sector has only 10 per cent of the total labour force. In the unorganised sector, covering large parts of agriculture, small and household industries, trade, professional service firms, we have about 90 per cent of our labour force. The entire unorganised sector falls within the private sector. Now, I do not find a single word mentioned on rural industrialisation. I do not find a single word mentioned on cooperative industrialisation. In Switzerland, the entire industry even, the watch industry, is in the cooperative sector and the cottage sector. These are no cottages as such but watches are made in private homes. They have the best super markets like the Migro and the co-ops, which function on cooperative lines. The farmers and the producers bring their produce here and they are paid immediately and everything is done correctly and they go home satisfied. I feel that you should have a policy which involves the people. Many Members have talked of the public

sector. I too am a defender of the public sector. I come from Bombay and it is not quite right to say that it is the Tata Electric Supply which supplies electricity there. It is the BEST, it is the Municipality of Bombay, which manages the electricity in Bombay. It is the BEST which manages the whole transport. The suburban network is again managed by the railways which is in the public sector. Therefore, all this depends on whether you have the right men to do the job. I was disappointed to see that this policy does not have any linkage in between rural India and the industrial India. Unless that linkage is established, it is going to pose a serious problem. I do not want to say anything more. But three hundred million people in our country are below the poverty line. Compare this figure with the world figures. In the developing countries, it has been estimated, close to one billion people are below the poverty line and 780 million people are under nourished. So, out of this one billion people, 30 per cent we contribute and out of the 780 million undernourished, we contribute one-third or 33 per cent. It has also been estimated that 850 million people are illiterate and one-fifth of a billion people have no access to medical facilities.

Article 21 of the Constitution speaks of the right to life and this does not mean a mere animal existence. It really means the right to food, right to clothing, right to employment, right to leisure, right to good environment, and it means everything which gives to a citizen a life with dignity, a life free from want and fear. Since employment constitutes the major component of this package, that is, food, clothing, shelter, education, leisure, health, environment, freedom from want and fear, personal freedom and security, I feel that it would have been much better if the whole focus had been more on the employment aspect. I am glad about one thing and that is that this Policy does not contain any 'exit' policy and I think wisdom has prevailed is not providing for such a policy. There cannot

be a greater hardship for the people than being unemployed and be robbed of their source of livelihood. Therefore as I have said, a large number of people are unemployed already and if we really get into the mess by adding to the already prevailing unemployment, we will be rendering a society which is unequal and we will be departing from our ideal of an egalitarian society. And, in the process, what will happen is that very serious consequences will follow. We have been very very proud that despite what has happened elsewhere, we have remained a free and open society, endeavouring to be an equal society, an endeavour which has not yet proved completely successful. But you cannot go on with a process which will disturb that balance and the moment unemployment occurs. I personally feel, there will be nothing that will be available to salvage this policy. The examples that have been quoted have no application here at all. Do not apply Singapore here. India and Singapore just cannot be compared: India and Hong Kong just cannot be compared: and India and Taiwan just cannot be compared. They are all controlled and highly restricted societies but we are a free and open society. And, with this diversity, as I have repeatedly said here, the task now is to send the right message. Therefore, I would like to state that the first task is to send the right message across the frontiers of our country. The right message is that this Government is not a minority Government when it comes to industrial and other development of this country....

THE VICE-CHAIRMAN (SHRI M. A. BABY): Minority interests should also be protected.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: There was a mention of that. But I am not saying. I am saying that they should themselves say that in all the endeavour of the Government, the whole nation is behind this policy provided it ensures certain things which I have mentioned in great detail, provided it

is to march on to an egalitarian society where everybody will have a life in peace, if not in prosperity, at least not in hunger. And unless we all back up the Government, to that extent, we will not create a climate which is so very necessary to see that there is a right economic growth, to see that there is a considerable capital coming in from outside, to see that the stagnation which we have reached is removed, to see that we go along on a path which is charted before in a more pragmatic way which is consistent with the world scene, and to see that India emerges, I am sure it will emerge, as one of the strongest self-reliant nations in years to come.

Thank you, Sir.

SHRI YASHWANT SINHA: Mr. Vice-Chairman, Sir, when anyone acts, whether it is a Government or any other organisation, I suppose there is a reason for that action, there is a cause for that action. Now, I am not going into the question of why this Industrial Policy was brought, why it was brought so quickly, so swiftly, and whether the Government deserves to be congratulated or condemned for bringing it so quickly. But, quite frankly, Mr. Vice-Chairman, Sir, I am unable to see the rationale, the reason, the cause behind this policy: I mean, there is nothing which has happened in this country or internationally which warrants the placement or the production of Policy Document of this kind in such a quick time. But, Sir, we live in a world of slogans, we live in a world of myths, at times created by ourselves. And it is my feeling Mr. Vice-Chairman, that this Policy Document which has been placed before us and before the nation is a result of those slogans and those myths.

Sir, I see one central stand running through this Policy Document. I do not know from where it flows because I cannot see the reasons for it, and that is that we must integrate with the rest of the world. At two different places, it is mentioned: at page 4, for instance, it says, "Such a society..

[Shri Yashwant Sinha]

"—whatever it is; socialist and this and that—...can be built if India grows as a part of the world economy and not in isolation." And then it goes on to say at another page when it is talking lyrically about the merits of foreign investment that, "this is particularly necessary in the changing global scenario of industrial and economic co-operation marked by mobility of capital". These are very important words in these two sentences. Mr. Vice-Chairman, Sir, integration has to be a two-way process. Integration cannot be unilateral. Nobody is going to integrate you, if they are not willing to integrate you. You cannot open your doors without opening their doors in order to establish that integration.

Now, everybody here has talked about changes. They are very fond. It has become a fashion to talk about changes which has taken place in the Soviet Union, the changes which have taken place in the Eastern Europe. And they are saying that the world has changed. From that we can conclude that the world has changed and, therefore, India must also change. And we talk of missing the bus. Which bus? Where is that bus going? We are not bothered to ask that question. But we seem to be missing the bus. All the time we are talking of missing the bus. All the time we are talking of integrating ourselves. All the time we are talking of changes that have taken place in Soviet Union and Eastern Europe which we equate with the changes taking place all over the world.

The first question, Mr. Vice-Chairman, that I would like to ask of this august House is: How has the world changed? How has the world changed? Has the United States of America changed? Has Japan changed? Has the E.C.C. changed? Has Australia changed? How have these countries changed? What have been the major policy departures which these countries have made in the last two years, three years? What is it? If you look at it, Mr. Vice-Chairman, they have

changed. There is today in this world a Pax Americana. That is the change which has taken place. We must remember that it is not merely the changes in Eastern Europe which have brought about some difference of perception. It is also, Mr. Vice-Chairman, my belief that the world of 1991 is very different from the world of 1990. The pre-Gulf War world is different from the post-Gulf War world. And the decisive triumph of US arms and the arms of its allies in the Gulf has changed world perception. This is the world in which we are living. We are living in a world where there is one Super Policeman. And it is a world of Pax Americana as I said. Now the United States tried to get other developed countries into this. It has to be seen in this light. Whatever is happening in India today has to be seen in that light. If we do not, I think we shall be missing the whole point. And I am referring, Mr. Vice-Chairman, to what the Deputy Secretary of State, Mr. Eagleburger, said. Talking about the Japanese and western Europeans, because they made their contribution in the Gulf War and they were not very happy with the quantum of contribution, he said:

"...the Japanese and the western Europeans need to begin to accept the fact that with the wealth comes the responsibility to help maintain global peace and stability... It is time that the Japanese and the western Europeans recognize that their vision has to be a global vision."

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I think it is a very negative aspect. Peace means not merely absence of non... (Interruptions) For us peace means something very, very positive. It is only a negative aspect.

SHRI YASHWANT SINHA: The world view... (Interruptions)

THE VICE-CHAIRMAN (SHRI M. A. BABY): Please do not interrupt. Let the flow of speech be there.

SHRI YASHWANT SINHA: Now we have this great lady called Carla Hills, who is the U.S. trade representative—Super 301. What does she say? She says that Uruguay Round package will be considered satisfactory “only if it significantly opens world markets for all their US. Congressmen’s constituents”. Who are the constituents? Farmers, manufacturers, service providers and investors.

Now, Mr. Vice-Chairman, I refer to this only to show that there is a view of the U.S. which is talking of the world, that it has a responsibility to maintain world peace and that the world must open up. No market in this world, and certainly not a market like India can remain closed, and that is why Carla Hills has said that she is using Super 301 to price open the Indian market. That was the expression that she used.

Our leader, Mr. Gurupadaswamy, was just mentioning when he was speaking about the influence of thinking of the World Bank and the IMF on this document. I am not going into the details of that. What I am saying is that I do not see any reason why we should have come out with such a document today. What is the problem? Internationally are they going to accept us? I have here a report which says that the EEC has imposed antidumping duties on our textile yarn and polyester yarn exports, that the multi fibre agreement which has not been concluded in the absence of the conclusion of the Uruguay Round is not being extended on our terms but is being extended on the terms of the developed 3.00 P.M. countries. How has the EEC become more accessible to us? How has Japan become more accessible to us? How has the USA become more accessible to us? They can afford to remain closed but they want us to open. That is the unequal world in which we are living. We are saying that the world has changed. But the change has affected us adversely. Therefore, if at all, there is need for greater caution,

there is need for greater pragmatism, there is need for greater care before we jump into policies of this kind. After having mentioned about the international context, let us look at the Indian context. There might have been something happening at home which might have warranted the change in policy. What has been happening? This Economic Survey which this Government has presented says that industrial production went up by over 8.5 per cent throughout the Seventh Five Year Plan. Now the Industry Ministry has presented its Annual Report which says that the figures which are available to them between April and December suggest that last year industrial production went up by 8.9 per cent. It is one of the highest ever recorded. This is despite the fact that this country went through a great trauma, a great deal of instability, a great deal of disorder last year. Despite that industrial sector recorded a growth of 8.9 per cent. If this is the performance of the Indian industry then we come back to the point which Mr. Jadhav was raising: What is the target? We are running helter-skelter from whatever we held dear to ourselves, whatever we inherited as a legacy from the freedom movement. We have run away from it. Whatever may be the hypocrisy which the Government might have put in the words of the preamble of this statement, the fact is that we are in full retreat today from whatever we were trying to do for the last 40 years. I am not going into the controversy of the Nehruvian model or the Gandhian model or the Manmohan Singh model. But the point is if this is a document of retreat, then what are we retreating from? Has the industry in the country collapsed? Has the economy of this country collapsed? It has been my view that we should never react in panic. We are talking of the biggest economic crisis that we have faced after independence. What is the economic crisis? Has the industry in this country col-

[Shri Yashwant Sinha]
 lapsed? Has the agriculture in this country collapsed? Has unemployment increased substantially over what has been the level of unemployment in past years? Has the infrastructure collapsed? Has our economy stopped performing? What is the panic? What is the crisis? The problem is, we do not seem to understand the nature of the crisis. We are reacting in panic. There is no reasons why we cannot get over the problems that we have on the fiscal front. There is no reason at all for us to react in panic. Therefore, this document which is a full retreat is not warranted either by international developments or by developments at home. We are doing pretty well.

The point now is, the Eighth Plan approach paper has not yet been finalised. When we were in Government we tried to finalise the Eighth Plan document. Mr. Mohan Dharia has left behind the approach paper. It is up to the Government to carefully go through the approach paper and give its own approach to the Eighth Plan. It is my view that unless we were abandoning the planning in this country as a tool, there was no reason for this Government to come out so swiftly with the Industrial Policy Resolution. The Eighth Plan approach paper should have been finalised before we started to say what we are going to do on the industrial front, what we are going to do on the agricultural front, what we are going to do on the infrastructural front. It is my belief that in the approach paper of that document in the 8th Plan, this document does not have any meaning because this document will not supersede the approach document of the 8th Plan. But, Mr. Vice-Chairman, this document has now come and as I was saying, it is a full retreat. The one area where I feel hurt as an Indian — I feel extremely upset — is the area of the public sector. Somebody said here that public sector basing has become a favourite pastime. I am very sorry. Dr. J. K. Jain is

not here. Yesterday when he was speaking, he painted the entire public sector with just one brush that it is inefficient and it is corrupt. We have said that public sector needs to be reformed; public sector needs to be improved. It is nobody's case that everything is hunkydory with the public sector and that no reforms are necessary. But shall we throw the baby with the bath water? Is that our thinking now? Shall we condemn the public sector because it has brought India to this stage of industrial development? Is that the view which the Government of the day would like us to have? I am saying, the public sector has rendered tremendous service to the industrial development of this country. There are deficiencies in its performance. Steps are needed to improve the public sector. But it will be a very sad day, indeed, if we gave up our faith, our belief in the public sector. The 1956 Industrial Policy Resolution describes it as the pillars of our industrial programme. Now we are striking at the very root....

SHRI JAGESH DESAI: Even 1981. And if we are going to give up the public sector, then I think we are in for a total change of perception and the kind of faith that we are putting in the private sector in the market is not borne out by any of the facts.

I will not take the time of the House because Dr. Dipen Ghosh has already mentioned the number of foreign collaborations which have come despite all the draconian restrictions that this country had, the number of foreign collaborations which are there for washing machines, the number of foreign collaborations which are there in consumer goods and luxury goods industries. Despite all this, if you open the door, open it by all means. Mr. Bhandare was making that point that if we do not have the capacity to control them, shall we be able to control them or monitor them and take action against them in a situation where there is total freedom? I am sorry; I am not able to share this

perception! I am not able to share this hope. I am quite apprehensive that once we open the doors like we are trying today through this policy document, nothing is going to be monitored. Even today, I would like to ask the Minister of State for Industry — and I am not merely referring to the Industry Ministry; I am referring to the entire Government of India — which Ministry of the Government of India today has the responsibility for monitoring and has the information for the export performance of all those units in this country which have been set up with an export obligation? Some units have been set up with 25 per cent export obligation; some with 75 per cent export obligation and some with 100 per cent. But which agency is monitoring them? Can somebody stand up today and responsibly tell me that this is the performance of this sector, of these export-oriented units? The fact of the matter is that all these units take all the advantages of the dispensation of the Government which is available for export-oriented sectors. Pepsi is a high-profile case. It has been discussed in this House. But there are many Pepsis in this country and they take full advantage of our situation and do not perform. Their export performance has been totally dismal. And there is no way in which this Government, or any other Government, can enforce that discipline! Therefore, this denigration of the public sector and this high praise for the private sector....

SHRI JAGESH DESAI: Deliberate.

SHRI YASHWANT SINHA:... is a very nefarious conspiracy which has been unleashed upon us by the vest-of interests. Therefore, I would like to warn everyone, including the Government that we have to be very very cautious. We have to change with the changing times; but it does not mean that we have to abandon everything. Our continuity with change, or change with continuity is there; but I am telling you this document has only changed, changed and changed and there is no contin-

uity, absolutely none whatsoever. Now, I would like to make a few points in regard to the ambiguity which I find in this document. I am sure that the Prime Minister or the Minister of State for Industry, while giving his reply, would clarify these points. For instance, this document was produced in such haste on the day when the budget was presented, we only got cyclostyled copies and the page numbers are also not clear. On Page 11, it says: 'Government will provide automatic approval for technological agreements relating to high priority industries within specified parameters.' But what are these specified parameters? If the Government could not put it in this document, let it explain in the House today. I am saying this with a great deal of concern because we know that these specified parameters will be interpreted not by the Ministers, but by others and the people sitting in the bureaucracy. These specified parameters will be tailored to suit the requirements of some specific industries, some specific foreign investors, and the whole thing will be totally different from what we might have imagined it to be. This is the first thing as far as this document is concerned. I will refer to Page 13 which refers to the public sector. It says: In view of these considerations, the Government will review the existing portfolio of public investment with greater realism. This review will be in respect of industries based on low technology, small-scale and non-strategic areas, inefficient and unproductive areas, areas with low or nil social considerations or public purpose and the areas where the private sector has developed with sufficient expertise and resources? What is the meaning of it? What is the purpose of this review? Why can't they be honest and say, "we are doing it with a view to closing down these units"? What does review mean? If the Government has the intent of closing down these public sector units, then they should come out clean, tell us which are the public sector units and in which areas

[Shri Yashwant Sinha] they propose to close. If they have this intention, what is going to be the modality of arriving at these decision? This is something, which I am sure, the Prime Minister would like to explain to this House.

THE VICE-CHAIRMAN (SHRI M. A. BABY): Mr. Sinha, you are making very pertinent and reasonable points. But still, I must remind you regarding the time factor.

SHRI YASHWANT SINHA: Thank you. I am very conscious of my very little time. I will be very quick about the whole thing. I would like to make two or three points more. It says on Page 18, "...the payment of dividends would be monitored through the Reserve Bank of India so as to ensure that outflows on account of dividend payments are balanced by export earnings over a period of time." On this 51 per cent foreign equity which will be given and the dividends which will flow out of it, they are saying that the outflows on account of dividend payments are balanced by export earnings over a period of time. This is the hope in which this Government is living. Over a period of what time? Is it ten years or 20 years? What is the period of time over which this expenditure in foreign exchange is supposed to be made by these companies? We have just heard Mr. Dipen Ghosh. He had a long list of these multinationals and foreign investment companies in this country. He was reading out their contributions to our export effort and their net contributions in terms of foreign exchange earnings. Is this the intention of the Government that they would come with 51 per cent shares, that they will continue to send their dividends, pay for the royalty on their technological agreements and technical co-operation and at some point of time, in future, with some bureaucrats sitting in Udyog Bhawan, they will perhaps decide that they will be balanced by the Reserve Bank of India?

SHRI AJIT P. K. JOGI (Madhya Pradesh): It will be vary from unit to unit.

SHRI YASHWANT SINHA: It will vary from unit to unit? Mr. Jogi, you and I have been in the bureaucracy and we know what it means. (*Interruptions*).

SHRI S. JAIPAL REDDY: Case by case means,, briefcase by briefcase.

AN HON. MEMBER: Janata Dal has got lot of experience of briefcases.

DR. BAPU KALDATE (Maharashtra): But you have experience of suitcases.

THE VICE-CHAIRMAN (SHRI M. A. BABY): Mr. Yaswant Sinha, please continue.

SHRI YASHWANT SINHA: Then, it says: "To provide access to international markets, majority foreign equity holding up to 51 per cent equity will be allowed for trading companies primarily engaged in export activities." Where is the catch? I am referring to these words deliberately because I know they have been very carefully drafted with a lot of loopholes. 'primarily engaged in export activities'. Why 'primarily'? Why not exclusively?

SHRI JAGESH DESAI: Indians cannot enter.

SHRI YASHWANT SINHA: Foreign trading houses will be permitted to come into this country and hold up to 51 per cent. Unless the Finance Minister was wrong in his Press statement, it could be even more than 51 per cent; perhaps even hundred per cent. We have had no authoritative statement from the Government in regard to the clarifications offered by the Group of Ministers. Mr. Kurien was also present in that Press

Conference. Foreign companies will be enabled to operate in the trading area.

SHRI JAGESH DESAI: For export promotion.

SHRI YASHWANT SINHA: 'primarily' means what? They will have something to do with the domestic market also.

SHRI VIREN J. SHAH (Maharashtra): Secondary and tertiary.

SHRI YASHWANT SINHA: This brings me to this point. Over a period of time, we have gone on giving concessions. We have the export processing zones. We said 'Poor chaps' they cannot export hundred per cent'. We allowed them to send to the domestic tariff area 25 per cent. That 25 per cent was supposed to be brought after payment of full customs duty as if it was an import into the domestic tariff area. But what was the Finance Minister done in this Budget? He has reduced the duty. Now, they can send in after paying just half of that customs duty. That is all. What I am trying to say is that, over a period of time, with the best of intentions, we have gone on diluting and diluting in favour of the industrialists, in favour of the entrepreneurs, making it very easy for them to exploit the domestic market. This is going to happen in this country.

I come to my last point. I made a reference to it in the beginning also. About the Uruguay Round. The Government has not said anything in this Policy Statement as to what is going to be its thinking on intellectual property rights, on patents. We know. Dr. Subramaniam Swamy was sitting here. He has gone now. We escaped by the skin of our teeth in the Brussels negotiations which were held in November-December, 1990. How did we escape? We escaped

because, the two giants, the United States and the EEC, could not agree on the agricultural subsidies question. Otherwise, they would have combined to squeeze us out on trade-related intellectual property rights. Here, I would like to remind Mr Bhandare because he was making a point in this connection. Mr. Vice-Chairman, Sir, what the developed countries, specially, the United States, want to do is to make us subservient, make us serfs and slaves in perpetuity. The amendment of the Indian Patents Act, of which we are justly proud, as a shining example of what a developing country can do. Now, what kind of amendments are being suggested today in the Uruguay Round in regard to process patents being replaced by product patents, in regard to the period of the patent and in regard to the working of the patent? They would like us to believe that working of the patent means importation. Somebody takes a patent in the country and he imports that thing it means he is working the patent. He need not have to produce. He takes it for 15 years or 17 years and for 17 years this country will be in bondage and nothing will be done because that person is holding the patent. I would like to know from the Prime Minister what is our thinking in regard to trade related intellectual property, what is our thinking in regard to trade related investment measures, what is our thinking in regard to the services sector on which, in all these sectors, we are under tremendous pressure in the GATT round of discussions. What is going to happen?

SHRI MURLIDHAR CHANDRAKANT BHANDARE: Will you please yield for a minute?

SHRI YASHWANT SINHA: Okay.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I did not refer to it but I think the whole House will join in that contest because it is not

[Shri Murlidhar Chandrakant Bhandare]

only a question of India. India is the leader for the entire third world, developing countries and under-developed countries. There is no question of giving in on the question of intellectual property, insurance or anything, when it comes to fighting.

SHRI YASHWANT SINHA: I am extremely touched... (*Interruptions*)...

SHRI CHATURANAN MISHRA (Bihar): After this Industrial Policy, India is no longer the leader. You must forget it.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: That is your conception.

SHRI YASHWANT SINHA: Mr. Vice-Chairman, the point I was making was that this document is silent on these matters which are very, very important for our country and its future. I would like the Government to respond—when the Prime Minister will be giving the reply—as to what is the thinking in that regard, because the whole industrial production in this country is being guided by the Patents Act that we have. In the services sector if we are going to open our floodgates for foreign investment like we have opened for trading, are we also going to open them for insurance, for shipping, for any other kind of service that Carla Hills talks about? It is important for Carla Hills to remember what is the constituency of an American Congressman—and the entire American pressure is on opening it up for the constituents of the American Congressmen—but, for Indian parliamentarians their constituencies do not matter; they are of no consequence. This is a kind of dichotomy to which I was referring and, therefore, Mr. Vice-Chairman, I would like to tell the Government that there is a lot of hypocrisy, there is a lot of double-speak, there is a lot of these things in our everyday beha-

viour. But I am telling you, as sincerely as possible, as humbly as possible, that no country can achieve self-reliance through foreign investment. Give it up, it is not possible. If self-reliance is our aim, then it cannot be done through foreign investment. You cannot establish socialism in this country with the help of multinationals and you cannot subserve the needs of 80 per cent of our people by producing luxury goods for the consumption of the top 10 per cent. Let us forget about it.

If we are going for the multinationals, if we are going for foreign investment, if we are going for the production of these goods as it happened in the past, then we might as well give it up. Take that one word out of the Preamble of our Constitution, "Socialistic Pattern of society" or "socialist." It does not have, it will not have, any meaning.

Therefore, Mr. Vice-Chairman, after having said this, I would like to say that this policy is not worth the paper it is written on. I is a hopeless document. It is a document of capitulation, it is a document of surrender. I do not know whether the IMF is behind it, I do not know whether the World Bank is behind it, but I certainly know that this is a product of pax American and, for God's sake, let us give it up.

Thank you, Mr. Vice-Chairman.

SHRI VISHVJIT P. SINGH (Maharashtra): Mr. Vice-Chairman, Sir, this statement on the Industrial Policy of the Government is but the culmination of a logical series of steps. To say that it has been guided by anybody, to impute that we have been told to do a particular thing under the dictates of the IMF, I think, is highly uncharitable. It is not only uncharitable, but I would

term it as not in the interests of the nation to even think in those terms. This document, Sir, as I said, is a culmination of a series of logical steps. Our first effort was towards self-sufficiency. Our efforts were towards self-sufficiency in industrial production and self-sufficiency in the production of foodgrains, both the areas. This industrial revolution which had passed us by and the green revolution which had also passed us by, were to be brought to this nation, and they were brought to us. The fruits of that we are enjoying today.

But even though we achieved self-sufficiency, we achieved it at a certain cost. And the cost was this. We believed in import substitution. We said that we would not import. Because we did not import, we did not export also. The result was that our share in world trade became less and less. But certain events overtook us. The major event was the oil crisis. When the price of oil rose up, it was inevitable that it was only a question of time before India had to join the international market because we were not self-sufficient in oil. We are not fortunate enough to have been given oil under our soil by nature. Therefore, we have to import oil. To pay the import bill we need foreign exchange. To earn foreign exchange, we have to export. To export we have to have goods which people want. To have goods which people want, we have to have technology. To get the technology we have to get foreign investment. To update the technology which we already have within our country, we have to get foreign collaborations. Therefore, I say that this is but a culmination of series of logical steps. These changes are essential.

But, Sir, I have certain reservations. The fact is that the Government with the best of intentions finds that the best of its legislation is watered down, finds that its most earnest intentions are diluted by the manner of the implementation.

I would remind the hon. Minister for Industry who is sitting here that

his senior Minister who is also my leader, the Prime Minister of this country, when he was the Chief Minister of Andhra Pradesh, tried to implement the land-ceiling laws, but he was not allowed to implement them by the dilution of the legislation which came in. And that dilution is in all the States of India. The Leader of the Opposition is listening to me very intently. I would like to point out through you, Mr. Vice-Chairman, that every single land-ceiling Act in the country contains a clause that those transfers would be considered genuine which are proved to be genuine to the satisfaction of the Ceiling Officer, and those transfers would not be within the purview of the ceiling Act. That one clause which is there in every ceiling Act in the country till today has negated the entire intention behind the ceiling Acts enacted by all the States.

Similarly, I have a genuine apprehension. The best of intentions are there in his Policy document. I find no fault with this policy document. I find that this is an excellent Policy document. This is the Policy we need. But where does it get watered down? It gets watered down in the lists that have been annexed, and I would like to deal with them in detail.

I would first deal with list two. I would like to quote from page 8, para 23. It gives a detail of the criteria for the making of this list. The criteria says: "These specified industries will continue to be subject of compulsory licensing for reasons relating to security and strategic concern, social reasons, problems of safety and overriding environmental concerns a social reasons, problems of safety and overriding environmental concerns, manufacture of items of hazardous nature and" — here I have the difficulty — "articles of elitist consumption." It goes on to say: "As a whole the Indian economy will benefit by becoming more competitive, more efficient and modern and will take its rightful place in the world of indus-

[Shri Vishvjit P. Singh]

trial progress." If you want us to take a place in the world economy, how can we do so if you keep the articles of elitist consumption within the control of licensing. I would now like to quote from page 22 of the list. These are the items which are still to be controlled by the Government and for which it says licences are to be given. "Distillation and Brewing of alcoholic drinks." Let us not become like the friend of the Leader of the Opposition, who was castigated in the High Court for certain licences which he had given. Cigars and cigarettes of tobacco and manufactured tobacco substitutes." Let us not become like the friends who sit talking about various goods "Plywood decorative veneers and other wood-made products." I don't find them articles of elitist consumption. I don't find them articles of strategic importance. I don't see what strategic importance the plywood has. "Raw hides and skins, leather, chamois leather and patent leather." Who are you going to protect with this?

PROF. CHANDRESH P. THAKUR (Bihar): This is to protect the environment.

SHRI VISHVJIT P. SINGH: No, this is not environment. My friend the spokesman of our party, says it is to protect the environment. The environment is not protected by controlling this, because there are only two or three monopoly houses which are dealing with these particular items. I would like to point out this is one of the major export items. If your intention is to earn money from exports, you have to get involved in those exports where the highest profit lies. The highest profits is in those items which are articles of elitist consumption. That is where you will be able to make major amounts of money. If you are going to become a business-based economy, think like businessmen. This is for export, this is for earning money, for earning foreign exchange. Do not limit it to a few favourites. Let there be a competition so that there can be some in-

ternational competition. In the case of motor cars, whom are you protecting by limiting the licences for motor cars? Today we find even Malaysia is exporting indigenously-made motor-cars. It is making cheap motor cars and exporting them. This is because they have allowed open licensing to come in. We know the success story of Hyundai from South Korea which is competing with best of Japanese cars. At No. 13 is Electronic aero-space. Electronic items are something which can be made in India with the kind of technology we already have, but you are going to license it. The maximum money is in the aero-space sector where we can really make big money. But you are limiting it. Entertainment electronics like VCRs, colour TV, tape recorders are gain items on which you can earn maximum foreign exchange. These are the items which have changed the whole superstructure of Hong Kong, Singapore and Taiwan. If you are looking at the opening up of your market still how can you keep this under the licensing? For example, White Goods, domestic refrigerators, domestic dish washing machines, programmable domestic washing machines, microwave ovens and air-conditioners, you still want to license these items. My earnest request to the hon. Minister is to reconsider this list look at it pragmatically. Kindly don't allow your policies to be diluted.

There is one more problem I have which is on page 17. The hon. Minister in his statement talks of a flexible location policy. I quote:

"A flexible location policy would be adopted in respect of such cities (with population greater than 1 million) which require industrial regeneration."

I want to know the meaning of "A flexible location policy". Does it mean already existing industries would be relocated? I don't understand the meaning of this. I want a clarification on this.

My second problem is with the foreign companies. I would like to quote from page 9.

"Foreign investment would bring attendant advantages of technology transfer, marketing expertise, introduction of modern managerial techniques and new possibilities for promotion of exports. The Government will, therefore, welcome foreign investment which is in the interest of the country's industrial development."

I quite agree with you. You then go on to talk about a Board. "The Government will appoint a special Board to negotiate with some firms." Now, I find from the list... (*Interruptions*)... Mr. BJP, please go back to your seat.

SHRI VIREN J. SHAH: The Congress party has asked me to speak from here.

AN HON. MEMBER: How he has joined the Congress party.

SHRI VISHVJIT P. SINGH: I welcome this distinguished Member to our party, he has taken a wise decision.

SHRI VIREN J. SHAH: I am telling you if the Board is... (*Interruptions*)...

SHRI VISHVJIT P. SINGH: In List-III, on page 23, I find the idea of this list is two-pronged. Number one, to upgrade the technology, number two, for export, I find that the list has been compiled purely with a view to upgrading our technology in those areas where we do not have the technology. That is all. There is no thought at all towards the export thrust. I would like to give just three examples. In sub-para 5 (i) on page 24 of the list it says:

"Mechanised sailing vessels up to 10,000 DWT including fishing trawlers."

May I know from the Minister why this limit has been imposed? This limit has been imposed because the thinking of the individual who prepared this list, is limited. They have thought that India needs these trawlers or these vessels only up to 10,000 DWT. That is why it has been put up there.

THE VICE-CHAIRMAN (SHRI M. A. BABY): Shri Viren Shah is supporting you. You can understand why he is sitting there.

SHRI VIREN J. SHAH: I am supporting him... (*Interruptions*)... because it is in the interest of the Nation.

SHRI VISHVJIT P. SINGH: But I can see one thing that you are sitting next to Miss Saroj Khaparde which is in your interest only and not anybody else's.

SHRI VIREN J. SHAH: It may be of mutual interest.

SHRI VISHVJIT P. SINGH: Remember, while you are sitting there, that she is my sister.

SHRI VIREN J. SHAH: I will take care of her.

MISS SAROJ KHAPARDE (Maharashtra): Thank you.

SHRI VISHVJIT P. SINGH: Again, in clause 5(iii)(a), you have mentioned commercial vehicles, public transport vehicles including automotive commercial vehicles. Why not cars? I would like to know why cars have been excluded from this. If we manage to get the technology for cars, they will help us in our exports. They are the maximum export earners. Why have they been left out? As per paragraph 18 of the Policy at page 27, it is 'ceramics for industrial use'. Why not ceramics for home use, for decorative use? I would like to inform the hon. Minister that one of the largest foreign exchange earners in the country of Sri Lanka, our neighbouring country, is a small plant which was put up by the Japanese NORITAKE. They

[Shri Vishvjit P. Singh]
 set up a plant in Sri Lanka which has become one of their largest export earners. When I went to my friend Mr. Viren Shah's house, he gave me dinner on plates which were made in Sri Lanka.

SHRI VIREN J. SHAH: That was an LTTE connection.

AN HON. MEMBER: Sir, that may please be recorded.

SHRI VISHVJIT P. SINGH: Why have you limited this? As I said, Mr. Vice-Chairman, this list has been made purely with a view to upgrading, without any thought for the other thrust, which is our export thrust. I would like the hon. Minister to kindly reconsider this point.

The next point I would like to make is about the limiting of the equity of foreign I was talking about the Budget. I am going to be very short about this. You have limited the equity to 51 per cent and said a maximum of 51 per cent will be allowed. The hon. Minister has also said, in some — cases, some more. I think slightly differently. I think by saying that, if you limit them to 51 per cent, you will treat them like Indian companies; they will get all the concessions; they will get all the benefits which will go from the pockets of tax-payers. I say, don't do this. The companies, in any case, which want to come into the country, want to keep the maximum of control. So, why not allow them to operate at 100 per cent? But have a separate set of laws for them. Fix certain areas. They will only put up industries in certain areas, geographical areas. I am not talking about areas of investment. They can invest throughout the economy. Let us have certain geographical areas. Let us not give them those concessions which are available to Indian companies. But allow them to invest with full 100 per cent equity. Let them come in.

How does it make a difference to us? Either we want their technology or we do not want it. Let us make up our minds. If we want their technology, then the most attractive term for them would be to allow them 100 per cent equity. They will come in and control them. Other countries, including the USA, have got all kinds of laws. The USA has got laws; Canada has got laws; Japan has got laws; Australia has got laws controlling these companies. Even a 10 to 15 per cent foreign holding company is classified as a foreign company. We are probably one of the few countries which allow foreign companies to operate at 40 per cent and still say they are Indian companies. We must allow them to come in at 100 per cent equity which will make it attractive for them. On the other side, balance it by putting some control on them.

THE VICE-CHAIRMAN (SHRI M. A. BABY): Please try to conclude now. Please control your speech also.

SHRI VISHVJIT P. SINGH: I am about to finish.

Now, to get back to the Board at page 13 it is said in sub-paragraph 3(5):

"A special Empowered Board would be constituted to negotiate with a number of large international firms and approve direct foreign investment in select areas. This would be a special programme to attract substantial investment that would provide access to high technology and world markets. The investment programmes of such firms would be considered in totality free from pre-determined parameters or procedures."

I agree with this. It is the right step to have a Board to negotiate with them. Japan, Korea, Singapore, Hongkong, Malaysia, Thailand, you look at any of the modern success stories and they have followed

this pattern. But I warn you once again. When you constitute this Board, it must be on a very high level.

The Hon'ble minister for Industries and the hon. Minister of State must also be Members of this Board and this Board must be made responsible to Parliament. With these conditions, I think this Board is a very good idea. But merely giving a Board and not giving it powers would be unfair. On the other hand, having a Board and giving it powers and not having any control or check on it would also be totally unfair. Therefore, I would like the hon. Minister to kindly be careful about this.

Now, I come to the public sector. I quite agree that it is high time that we restructure the public sector. There is too much of the public sector which has become like a retirement benefit for the individuals to just sit there, for workers, for the management, for inefficient procedures etc. etc. There are so many areas which we have entered which were important at that particular point of time and which are not important today. For example, I remember when there was a total shortage of bread and maida in the market, in all the cities. Modern Bakery was set up. Today, there is no rationale of having Modern Bakery. It should be privatised. But you have only in one small place given some thought to the workers. At page 19, para (b), sub-para 2, it is said,

"A social security mechanism will be created to protect the interests of workers likely to be affected by such rehabilitation packages."

This is for the sick industries which are probably one-third of the public sector today. I would like you to be careful and spell out for us what are these social security mechanisms which are to be set up. How are we going to look after the interests of these workers which really ought to

be paramount in our minds because any kind of restructuring of the public sector would result in a large amount of unemployment and it is this unemployment which we must guard against?

My last point is regarding the MRTTP Act. I would again like to quote from page 15, wherein it is said that "various laws will be repealed. Emphasis will be on controlling and regulating monopolistic, restrictive and unfair trade practices rather than make it necessary for the monopoly houses to obtain prior permission of the Central Government for expansion, establishment of new undertakings"... and it is here that I have a problem, "Merger, amalgamation and take-over and appointment of certain directors." My problem is with the words "merger, amalgamation and takeover". It says, "further the provisions relating to merger, amalgamation and take-over, will also be repealed." I would like to warn the hon. Minister that it is all very well to say that it is high time that we allow our companies to grow to their full capacity. Fine. Let them grow. Let them make new investments. But this merger and acquisition is something which is controlled even in the most open economies of the world. Mergers and acquisition are dealt within a totally controlled environment in America, Canada, France, Germany, U.K. Every day in the international Financial Papers, all kinds of things are coming out about the kind of controls which are being emphasised. They are thinking of even further controls than the ones they are having at present. The danger in these mergers and acquisitions is that a real monopolistic situation gets created. Real monopolies are those where the entire engines of production, from its initial stages till the final stages are controlled by one individual or by one group of individuals, furthering themselves and charging whatever they like. My only problem is, if you are going to have this kind of absence of controls, this kind of openness, have it for export

[Shri Vishvjit P. Singh]

only. Allow mergers and acquisitions for those units which are indulging in 100 per cent export, not in those which are trading within the country; otherwise, my friend, Mr. Viren J. Shah will acquire anything around us...

SHRI VIREN J. SHAH: Including Mr. Vishvjit Singh.

THE VICE-CHAIRMAN: (SHRI M. A. BABY): That would be a hefty acquisition.

SHRI VISHVJIT P. SINGH: Therefore, I would urge upon the hon. Minister; kindly don't allow this provision to go unchecked, kindly don't allow this provision at least to go unscrutinised. Mergers, acquisitions, may kindly be excepted from this unless they are to deal with hundred per cent export-oriented units. And once again I say this is a wonderful policy document, this is the herald of a new age, this is the beginning of our finally standing on our own feet within the comity of nations. With these words, Mr. Vice-Chairman, Sir, I support, commend and welcome the Industrial Policy Resolution and with those reservations which I have expressed I endorse the Industrial Policy Resolution brought in by the Government. Thank you.

THE VICE-CHAIRMAN (SHRI M. A. BABY): Now you please listen to Dr. Vijaya Mohan Reddy.

DR. G. VIJAYA MOHAN REDDY (Andhra Pradesh): Sir, we must criticise the multi-nationals. It was a pleasure always listening to our friend when he was criticising the multi-nationals, how they had dealt with the Governments of South America, overthrown the Governments—all these things were told by my predecessor speaker. But suddenly what I am hearing today is disappointing. The biggest wealth of any country, and that too of our great country, is the people of that country. Millions and millions of people, peasants, workers, intellectuals, who have contributed

to the development of this country and also to the maintenance of the cultural unity of this country are its wealth. Has this Policy Statement taken the vast masses into consideration? Have they taken this great potential to come into operation to successfully implement the policy of industrialisation? I think this has not at all entered the minds of these policy-makers. The touchstone is what Gandhiji said: Any policy must serve the poorest of the poor and if you are convinced that this policy will serve the poorest of the poor, then you are on the right track. But what is being talked about is —and everybody knows it also — this policy is going to serve the richest of the rich in our country and also to serve the richest of the rich in other countries. How can this Policy Statement be correct? After all, our freedom movement has made *khadi* the main weapon to withstand the onslaught of imperialism against our rural economy. What does *Khadi* mean? It means "self-reliance". This Policy Statement makes the Indians rely on themselves. I ask the Treasury Benches when they want to rely on everybody, why they do not rely on the Indian worker and the Indian peasant. That is the weakness of their policy. Unfortunately, for some time there had been political instability. Some movements inspired by imperialism — separatist movement, fundamentalist movement —are having a heyday. That is why international capitalism had an opportunity to go on printing in their media, "Indian economy has broken down. India is not able to make payments to its debtors. Therefore, people are losing confidence in India." That is the atmosphere that has been created. A panic situation has been created. India is in a shambles which Shri Yashwant Sinha had denied, by saying that India was not in a crisis because Indian agriculture was not in a crisis; Indian industry was not in a crisis. I want to refer to one situation in this connection, Mr. Vice-Chairman. I had been to China just

after the Tiananmen Square incident. All over the world it has been blown up that thousands and thousands of people had been killed there and the world capitalist powers were taking steps to see that Chinese economy or Chinese State would be broken. That is why the trade embargo was there. (Interruptions)... Please allow me to speak. (Interruptions)...

SHRI SANTOSH BAGRODIA (Rajasthan): I have supported that.

DR. G. VIJAYA MOHAN REDDY: Unless you go there and learn about it you will not be able to talk about it. (Interruptions)... I am trying to say what the situation was. That is all. I am not going into the details. (Interruptions)... There was a trade embargo. The IMF said that it was not going to give loans. All the countries said that there would be economic blockade and China had to surrender to their ideas. Under those circumstances, a situation was created all over the world. A panic situation was created. Everybody was trying to look to China and trying to know what the reaction of China was. I talked to certain leading politicians. I asked: "What is this? You are going to face a complete economic blockade at this period of development! What is your reaction to it?" Then those gentlemen told me, "My dear friend, the British, the American and all these wonderful imperialists are interested in China not because we are Chinese people but they are interested in Chinese market. That is why we tell them 'you will have to ret- race. You will have to come to us on our terms and we are not going to budge a single step'." That is the position they took. What has happened finally? It is the American Senate which had to surrender, it is Mr. Bush who had to forgo and re- vive trade with China. It is the IMF which began to say "we have to give them loans. We are restarting giving loans to China." China did not go to them. China did not go to IMF or World Bank or imperialist countries saying "you please revive trade". They were depending on the

Chinese people. That is why I tell you, Sir, the imperialists had to go back on their own words, eat their own policy state- ments and finally go back to China. Keeping in view the great- ness of our country and keeping in view the great development that has taken place in our country under the guidance of the able leaders who have given us an In- dustrial Policy Statement during the freedom struggle itself, what will be the shape of India to 4.00P.M come? And with all this in- frastructure we started re- acting in great panic. Other- wise, what else are these statements? They have come as if from a magi- cian's cap, the Budget Speech, the Trade Policy and other things. Just now my predecessor speaker from the Congress Benches was saying, "It is going to open a great vista in our country." What is the great vista? At the same time I want to say one thing: We have been relieved in this policy from that infamous licence- permit-raj, the base of corruption, the root of corruption in our country. On this inglorious system Chakravarti Rajagopalachari said, "The licence- permit-raj is going to break our total system." This relief has, therefore, been welcomed greatly from all sides. There was a euphoria created that everything was now going to be easy when these political and bureaucratic controls would not be there. But then what was there in the bargain? In the bargain the MRTP Act, the FERA regulations, all of them were thrown to the winds and monopoly interests, international monopoly in- terests have been served. This the Indian people have never bargained for. the Indian industry has never bargained for; the small scale sector or the sick industries or the public sector or whatever it may be, in that the hope of our people is that there will be a balanced industrialisation, that the regional disparities will go, that there will be industrial develop- ment in rural areas, that the people of India will come to stand on their own. But we don't see any of those

[Shri G. Vijaya Mohan Reddy]

things in this policy statement except the invitation to foreign investors. It has been stated beyond doubt by Members like Mr. Dipen Ghosh that whoever comes to India will always say that his greatest interest is to help India is exports. But in actual performance his interest is in our markets, not in the exports. This has been proved beyond doubt. That is why these multinationals get into collaborations for tooth-paste, for boot-polish, and we advertise them on our TV as the great achievements of our collaboration agreements and of our technology and technical know-how.

[The Vice-Chairman (Shri Bhaskar Annaji Masodkar) in the Chair].

In this connection I want to refer to one precious sentence in this document. It states: "In order to help this process the hiring of foreign technicians and foreign testing of indigenously developed technologies will also not require prior clearance as prescribed so far." What have they to do with our indigenously developed technologies? Why should the Government say "No prior clearance is necessary?" Therefore it means that the Indian technology that we have developed in our R&D has to go abroad to serve not the Indian interests but to serve the world capital interests. That is how we are selling the great efforts of our Indian scientists and of our great Indian working class. Now does this sentence fit into the policy document? Hiring of foreign technology, that we can understand. But, testing of indigenously developed technology, I do not quite understand. What does it mean except allowing stealing of our technology? In their case everything is secret. We are allowing secrecy for the imperialists. Pepsi has also not disclosed its formula. They do not want to tell us about it, even though we allow them to invest in this country and allow them to cheat the Indian farmers and the Indian people. At the same time, we allow them to make use of our R&D. That is why I do not agree that we are opening new vistas for the industries. Now,

coming to the public sector, what is the position of the public sector in our economy? There are lakhs and lakhs of workers in the public sector who are working to create the infrastructure in the country and to give us the basic requirements that are necessary to develop the country's economy. And, today, we are most uncharitably throwing the public sector into a great turmoil. Except for talking of some social security schemes, this document says nothing about the unemployment problem. We have about 3 lakh sick units and the Government is not going to take care of these sick units resulting in lakhs of workers losing their jobs. They will be on the roads. It is only after that that the social security measures will come to their rescue. Has the Government ever gone to the rescue of the distressed workers? The Industrial policy statement says that one of the prime objectives of the policy is to create more and more employment opportunities. But this document does not speak of employment at all. It only speaks of some social security measures. When millions of workers are thrown out of their jobs, naturally there will be a revolt, and this needs to be understood. Nothing has been mentioned about workers' participation in management.

What about the position that we are going to adopt in regard to GATT? Can we defend ourselves with this industrial policy? Can we give leadership to G15 or G77 so that we could resist the imperialists from making inroads into our economy? What about TRIPS? All these things seem to be on a retreat. Will this industrial policy develop South-South cooperation so that the problems of the developing countries could be solved? There is nothing mentioned regarding these things in the document. There is a book on Conditionalities of IMF. In this book the basic strategy adopted by the IMF is mentioned. I am reading it out: "... liberalisation of procedures relating to foreign collaboration and royalty payment ...". To satisfy them we have created a document which the Indian people are going to reject, the Indian working class

is going to reject and the Indian peasantry is going to reject. Sir, in the spirit of our freedom movement, I want the Government, the present Congress (I) Government—it is a fact that this is a minority Government—to reconsider our entire strategy, our entire policy, basing ourselves on the strength of the Indian people and their capacity to rise to the occasion in solving the economic problem, in salvaging the economic situation, in our country.

[The Deputy Chairman in the Chair]

Thank you, Madam.

SHRI SANTOSH BAGRODIA: Madam Deputy Chairman, it is my privilege to speak on this subject, when we have the Prime Minister with us, who is controlling the Industry portfolio along with two Ministers of State.

First of all, let us decide whether we have a critical situation in our country now. I believe it is so. Probably, what was decided 44 years ago was necessary at that time according to the situation prevailing at that time. But now things have changed, not only in India, but also in the whole world.

Because of the farsighted policy of Jawaharlal Nehru, we could establish core industries like steel, fertilizer, etc. Shrimati Indira Gandhi not only continued the same policy, but also accelerated the growth with some liberalisation. Then came our dynamic leader, Shri Rajiv Gandhi, who was very much impatient to bring India on par with the industrially developed countries of the world. He was so impatient that he tried for geometrical progression so that we could be sure of a new India with an economy of excesses and not an economy of shortages. But, as ill luck would have it, we lost the elections in 1989 and during the last 19 months, not only the process of development stopped, but also moved backwards. The coun-

trymen again decided in favour of our party based on the manifesto prepared by our present Prime Minister and also approved by our late leader, Shri Rajiv Gandhi, who declared the manifesto before the elections. Based on this manifesto this Industrial Policy has been announced.

Though we have lost our dynamic leader, Shri Rajiv Gandhi, our present Government, after coming to power, is trying to implement the same Industrial Policy as declared in the manifesto. I do support the New Industrial Policy but I do have a few comments to offer on some points.

Firstly, discussing about the industries started and managed by Indians, I would like to say that generally the increase in competition and free market economy factors will improve the quality of the produce and hopefully, the consumers will get their needs at competitive prices. The impact of administrative prices will come down. In this connection, I would like to refer to the Policy, page 17, para 4. It has been said that appropriate incentives and investment in infrastructure development will be used to promote the dispersal of industries, particularly to rural and backward areas and to reduce congestion in cities. On his point, I would like to refer to certain specific examples. Industries have been started for the development of certain regions which were somewhat underdeveloped. But there is no protection given to these industries and these will be forced to close down since they would not be able to withstand the competition from the better-placed industries. I would like the Government to look into this aspect more seriously. Similarly, when we talk about rural-based industries, agro-based industries, there is nothing in this Policy for the development of this kind of industries because the labour-oriented, labour-intensive industries are not being given any kind of priority in this policy.

[Shri Santosh Bagrodia]

With this liberalisation, the local industrialists have also more duties than rights to keep the prices lower. Otherwise, I warn them that this process may be reversed. The industrialists need to take wise decisions and not clever decisions any more. In this connection, Madam, I refer to the last para on page 7 of the Industrial Policy. And I quote:

"This can be done only if the role played by the Government were to be changed from that of only exercising control to one of providing help and guidance by making essential procedures fully transparent and by eliminating delays."

This should include the Taxation laws also. They must be made more transparent and they should be made known to the tax-payer.

Coming to the export-oriented industries, Madam, the BOP position is definitely very critical. There is no special mention of export-oriented units already established or to be established by India. In the international market, Madam, the credibility of supply of acceptable quality is the most modern thing. Here I would like to mention a specific example. The electronic goods can be exported which are value-added. But the problem is: Can we guarantee constant supplies? There is a problem of power, there is a problem of raw materials. Finally, there is the problem of labour laws. I recommend and I suggest to the hon. Prime Minister that for export-oriented industries, the labour laws should be abolished. (Time bell) Here, I would like to mention the salient points mentioned about Singapore by Dr. Winsemius, the United Nations consultant to Singapore in the year 1961. He mentioned, and I quote:

"Present industrial relations will further contract instead of expanding economic activity... There is not much fantasy needed to forecast what is going to happen if this situation cannot be improved quickly. Draw into the future the

line of the recent past and the consequences are: today some 50,000 are unemployed, next year 70,000, in 1964 over 100,000."

Dr. Winsemius further wrote:

"Trade union leaders will make an important contribution to the industrialisation programme... if they keep in mind that an increase in real wages either direct or indirect is in the long run only possible through increased productivity.

It should be emphasised that the wages in the future Singaporean export industries are in the long run it not paid by the employers, but by their overseas customers. The willingness of the latter to purchase Singapore's products depend not on the needs of Singapore nor the wishes of its employers or unions but on the price and quality of its product.

It was thus up to the Government to establish a 'confidential contact' between the manufacturers and the unions—without the fanfare in the press or elsewhere... Tripartism was born. This led to industrial legislation in the 1960s which swept away the rigidities of the old labour laws and gave employers the freedom to hire and fire workers. As a result, economic growth followed, which ultimately gave workers more job security and better standards of living."

THE DEPUTY CHAIRMAN: Mr.

Bagrodia, we have a lot of names from different Parties. And the Prime Minister is here. And he would like to reply also. So, I thought if you could abide by some time limit...

SHRI SANTOSH BAGRODIA: I was given a letter that I should take about 10 to 15 minutes, and I will confine to that.

THE DEPUTY CHAIRMAN: The letter might have been there. But

10 minutes ... (Interruptions). I did not write the letter.

SHRI SANTOSH BAGRODIA: You did not write, Madam. You normally do not write letters, Madam.

THE DEPUTY CHAIRMAN. Not regarding the time.

SHRI SANTOSH BAGRODIA: Madam, I am coming to my last point of foreign investment. India's credibility of India has gone down. It said, Unstarred Question 1157 on the 30th of July, it was stated that the credibility of India has gone down. It said, "On 19-9-1990...first rating of BBB (long-term) and A2 (short-term) is lower than the existing Moodys rating." So, this is the lowest rating that India has got. Therefore, foreign investment has to be considered in this respect. Before going into the details, I want to make the Government cautious that the rich countries are getting more and more from the poor countries. It should not affect our culture, ethos and political set-up.

Foreigners or NRIs should not be allowed to buy out the existing industries and should be allowed only to put up new units. We don't want* and *We require those who can put up new industries.

Here I would like to refer to a Canadian publication entitled "Doing business in India—A Western India perspective". It says that for doing collaboration in India you need an industrial licence, you need a licence to import capital goods, you need the approval of the RBI, and so on. It is to be noted that the Central Government has considerable control over the affairs of companies in India.

This has to be rectified if you really want more and more investment in the country.

*Not recorded.

Madam, I am just concluding.

I want to ask some specific questions from the hon. Minister.

Has the fertilizer industry been de-licenced? Will subsidy and ... (Time bell rings) Will subsidy under retention price scheme be payable on the additional capacity? If not, how will the viability of the additional capacity work.

Similarly, on paper can the requirement of newspaper industry be met by other varieties manufactured indigenously? As I understand, some of the requirement of the newspaper industry is met by indigenous manufacturers. What are the concessions and benefits given to the newspaper industry to meet their requirement?

With these words, I thank you, Madam.

SHRI R. K. DHAWAN (Andhra Pradesh): Madam, he has mentioned some names ... (Interruptions) He cannot ... (Interruptions).

THE DEPUTY CHAIRMAN: Don't mention the names. I didn't hear ...

SHRI SANTOSH BAGRODIA: We are referring to the people all over the world. There are references to them. If it is not allowed, you can delete.

THE DEPUTY CHAIRMAN: The convention is that we don't mention the names of persons who are not there in the House to defend themselves, until and unless it is inevitable. I don't think it is inevitable just now.

SHRI R. K. DHAWAN: For that also he has to have Chairman's permission.

THE DEPUTY CHAIRMAN: Yes, you take the permission. And he didn't take. I think your speech can be more effective even without that. (*Interruptions*) So these shall not go on record. (*Interruptions*)

I have now ten names before me. And the Prime Minister is here and the Leader of the Opposition is here.

SHRI K. N. SINGH (Uttar Pradesh): Madam, industrial policy is very important in the life of the nation. It would be difficult to conclude the debate on this within two or three hours. This can be taken up next time when we meet. So it should be postponed.

SHRI JAGESH DESAI: It is very important. It requires full-fledged discussion and a detailed discussion. (*Interruptions*)

THE LEADER OF THE OPPOSITION (SHRI S. JAIPAL REDDY): It is our considered opinion that more time should be spared for this very important subject. At the same time we are anxious to hear the Prime Minister who is here to intervene. He should intervene today. Members could intervene today. We all suggest that the debate be continued until the next Session.

THE DEPUTY CHAIRMAN: If the House so agrees ... (*Interruptions*). The Prime Minister is the Prime Minister. He is not the Minister of State of Industry. He is the Prime Minister and when he speaks it will be the final conclusion. He cannot intervene. But the Ministers can intervene. (*Interruptions*).

SHRI A. G. KULKARNI: I desire that the Prime Minister should intervene.

THE DEPUTY CHAIRMAN: He cannot intervene. He is the Prime Minister. When he speaks it is final... (*Interruptions*) Mr. Jacob you want to say something. (*Interruptions*). Let me hear Mr. Jacob.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI M. M. JACOB): I was inclined to agree to Mr. Jaipal Reddy's suggestion that let the Prime Minister speak now. Today we have two Bills. The Ordinances have to be ratified. After that there may not be time because two statements are there. It may not be possible today. So, in the next Session it is ideal to continue the debate and reply.

SHRI CHATURANAN MISHRA: After the Prime Minister speaks the Ministers are not expected to say something again. (*Interruptions*).

SHRI P. UPENDRA (Andhra Pradesh): In the light of the criticism made in the House there may be a possibility of the Government amending the policy and coming up with new proposals and for that we can give a little more time and we can continue the debate after the recess.

THE DEPUTY CHAIRMAN: Now the suggestion is, some people say that the Prime Minister should intervene. The Prime Minister cannot intervene. (*Interruptions*). Just a minute. Let me finish ... (*Interruptions*). If the Prime Minister speaks it is going to be final. Would you like the Prime Minister to speak? Then the debate will be over. Otherwise the Prime Minister can go and a Minister can intervene. If he wants to stay, he can stay.

THE PRIME MINISTER (SHRI P. V. NARASIMHA RAO): I thought that the suggestion that the debate should continue was an innocuous one. Now, after hearing Mr. P. Upendra I find an innuendo in it. If I don't intervene and if this spills over to the next sitting, he thinks that the conclusion will be drawn or inference will be drawn that we are going to change the policy, or we may change it. Now, I don't want that inference to be

drawn because I have no intention at all to change the policy between now and the next sitting of this House. Therefore, if that is the result, that is the consequence of any postponement. I would very humbly request you to have it completed now (*Interruptions*).

SHRI CHATURANAN MISHRA: Whatever we speak here, will the Government not listen to it? Does it mean that the most reasonable things that we speak you will not listen today.

SHRI DIPEN GHOSH: They will listen but will not change.

SHRI CHATURANAN MISHRA: Changing it or not changing it that is your choice. But you must say whatever we will say you hear it patiently? and see that... (*Interruptions*).

SHRI P. V. NARASIMHA RAO: House can sit as long as it likes, as may says us it like. But at the end of the debate I insist that I should be heard and there should be an end of the debate.

THE DEPUTY CHAIRMAN: In this Session. (*Interruptions*). Then what should I do with the 10 speakers?

AN HON. MEMBER: You kindly do away with that?

THE DEPUTY CHAIRMAN: I cannot do that. (*Interruptions*).

SHRI YASHANT SINHA: One thing is very clear. The Prime Minister cannot reply today because if the Prime Minister speaks in an inconclusive discussion then it will kill the debate. It cannot be carried forward. Let me clear about it. (*Interruptions*) If we want to carry forward the debate to the next session, then we should carry forward the list of speakers also, and if the Government

wants to clarify a point or two made in this House, then one of the Ministers of State can intervene.

SHRI VISHVJIT P. SINGH: The House is supreme and as we decided yesterday, let us sit and conclude this debate, whether it gets concluded today or tomorrow or the day after. It is up to the House to decide. I would request you to kindly take the sense of the House. We want that this debate should be concluded and need not be carried over. Let us finish it; you extend the session by a day; but let us finish it either today or tomorrow.

THE DEPUTY CHAIRMAN: Extension of the session is not in the hands of the House. It is in the hands of the Government. If they want to extend it, it is for the Government to see, and it is for the House to give its consent.

SHRI JAGESH DESAI: We do not want the session to be extended.

SHRI VISHVJIT P. SINGH: Then let us conclude the debate tonight. I would only request the hon. Prime Minister to kindly come and reply at the end of the debate tonight if he could kindly adjust. Let us sit late and finish it. My request is, let us finish this debate today. It is a very important matter. Let us not keep it hanging fire. Let us conclude it today.

THE DEPUTY CHAIRMAN: The problem of Mr. Jacob is that we have two very important Bills before us which we have to finish. Now if the House so agrees, we may stop the discussion here and finish those two Bills and come back to this debate on industrial policy for the Prime Minister to come back in the night and reply, if the House so agrees.

SHRI VISHVJIT P. SINGH: Let us pass the Bills by voice vote

THE DEPUTY CHAIRMAN: Let others also agree.

AN HON. MEMBER: We will not sit beyond 6.

SHRI VISHVJIT P. SINGH: Let us sit till midnight.

SHRI M. M. JACOB: I agree with your suggestion. The Bills can be taken up now and if they all agree, we can pass them without a discussion.

SHRI MENTAY PADMANABHAM (Andhra Pradesh): We can pass the Bills after the debate is concluded and we hear the Prime Minister. We can pass the Bills; there is no problem.

SHRI AJIT P. K. JOGI: Let us pass the Bills first.

SHRI S. JAIPAL REDDY: Let the debate continue. After it is concluded with Prime Minister's reply, we can take up the Bills. Such of the Members that are interested may speak; the ruling party may withdraw its speakers, and some of us will speak and we will co-operate and get the Bills passed.

THE DEPUTY CHAIRMAN: If I may remind the House, the Business Advisory Committee allocated four hours for this discussion and four hours are over. I have the papers before me and four hours had been allocated, out of which about 33 minutes were taken yesterday and today we started it at 12.30; now it is 4.30. Tell me according to calculation, how much time we have taken! It is more than that, almost five hours now. So, the time is already over.

SHRI PRAMOD MAHAJAN (Maharashtra): It has taken eight years to pass the Resolution, and now within four hours you want to finish it.

THE DEPUTY CHAIRMAN: If the Members were so serious they could have expressed it in the Business Advisory Committee. Why did you agree for four hours?

SHRI S. JAIPAL REDDY: In the Business Advisory Committee it was

agreed that whole of Tuesday or Wednesday would be spared for discussion on industrial policy statement.

THE DEPUTY CHAIRMAN: Whole of Tuesday or Wednesday means four hours. When we say one day, in our terminology it means four hours. Mr. Yashwant Sinha knows about it.

SHRI YASHWANT SINHA: I know what a short-duration discussion means. But we have never been so particular and so meticulous.

THE CHAIRMAN: I am not particular. But I feel, let us finish the Bills and then go ahead with the discussion.

डा० रत्नाकर पाण्डेय (उत्तर प्रदेश) :
दोनों बिल पास करा दीजिए बिना बहस
के और उसके बाद जमकर के बहस हो
इंडस्ट्रियल-पॉलिसी पर । . . . (व्यवधान)

श्री अजीत जोगी : मैडम, बिल पास करके
इंडस्ट्रियल पॉलिसी पर डिमक्शन हो ।

THE DEPUTY CHAIRMAN: If the House so agrees, we will finish them in one hour. There are two Bills and if everybody agrees, we will finish them in one hour. Then, we will take up the Industrial Policy.

SHRI A. G. KULKARNI: Let us start with the Bills.

THE DEPUTY CHAIRMAN: Let the House agree I cannot start like this.

SHRI A. G. KULKARNI: You are not counting the heads. What do you mean by 'everybody'?

THE DEPUTY CHAIRMAN: I want the general opinion. If everybody agrees, we shall take up the Bills first. Thereafter, we can take the discussion.

SHRI YASHWANT SINHA: The Leader of Opposition has put it as gently and as clearly as possible. Let

us take up the Bills after we have finished the discussion on the Industrial Policy. Why are we relegating this discussion?

THE DEPUTY CHAIRMAN: I am not.

SHRI YASHWANT SINHA: This is what is happening. That shows the seriousness they attach to the discussion to which we have been attaching so much importance. Why has it been relegated to the background? This House has passed Bills even at midnight.

डा० रत्नाकर पाण्डेय : माननीय उप-सभापति जी, बहुत सेबिल बिना डिस्कसन क पास हुए हैं, इस चीज को ध्यान में रखा जाए। आपने इतना महत्वपूर्ण... (व्यवधान).....

उपसभापति : पाण्डेय जी, कृपया अगर आप अपना मशविरा न दें और यह मसला छोड़ दें लीडर के ऊपर तो जरा बहतर होगा क्योंकि लीडर ने जो कहा है उसका प्रयोजन हो जाए, फिर आप बोलिएगा :

SHRI DIPEN GHOSH: Are they apprehensive?

THE DEPUTY CHAIRMAN: There is no apprehension. The Prime Minister is going to reply and time.

SHRI DIPEN GHOSH: In the earlier case, Shri Ahluwalia's disapproval motion was approved. Are they apprehensive that we would repeat the same? I can assure them. Madam, you assured us that the discussion on the Industrial Policy Resolution will be taken up at 12.30, it will be continued by skipping the lunch interval, then, the Prime Minister will reply and thereafter the Bills will be taken. The Minister for Parliamentary Affairs, Shri Jacob, had approached us and we have assured him that we will sit here to allow the Bills to be passed. If they want us to go out to enable them to get those two Bills passed, we can consider that also. But the

discussion on the Industrial Policy Resolution is a very important thing. The discussion was going on. The Prime Minister is present here. Let the discussion continue and let the Prime Minister reply. Thereafter, the Bills may be taken up... (Interruptions).

THE DEPUTY CHAIRMAN: Let us solve this problem.

THE LEADER OF THE HOUSE (SHRI S. B. CHAVAN): My only difficulty is that these Ordinances are to be converted into Bills and if they are delayed, then, the same problem will arise again. It will create difficulty for all of us. My request to all the hon Members will be to take up the Bills first and thereafter, you may continue with the discussion.

SHRI S. JAIPAL REDDY: I would like to assure the Leader of the House, on behalf of all of us, that we will co-operate with the ruling party in getting the Bills considered today, even upto midnight. I request the Leader of the House and the Prime Minister not to get the House divided on this, because to take the sense of the House is to get the House divided. We all agreed in the morning that utmost importance should be given to the discussion on the Industrial Policy Statement. Any interruption would mean hijacking. Therefore, let us proceed with the discussion on the Industrial Policy Statement and hear the Prime Minister. Thereafter, we can take up these two Bills and pass them as expeditiously as possible. We assure you of our complete co-operation.

SHRI S. B. CHAVAN: In the case of the Criminal Procedure Code (Amendment) Bill also, this was the understanding. (Interruptions) Hon. Members from the Opposition including their leaders, said that they would definitely get those Bills passed. But we know what happened. Anyway it is past history. One need not go into that. But now, you are merely saying that you are prepared

[Shri S. B. Chavan]

to consider very sympathetically, It does not necessarily mean that you would cooperate in getting these Bills passed.

SHRI S. JAIPAL REDDY: We will stand by our commitment.

SHRI DIPEN GHOSH: We will stand by our commitment to get these two Bills passed. In the earlier case, it was a Statutory Resolution from your side, not from our side.

SHRI S. B. CHAVAN: Then, there is no difficulty from our side if the leaders promise that they would co-operate in getting these two Bills passed irrespective of the strength of the House. (Interruptions)

THE DEPUTY CHAIRMAN: Now, there are 45 minutes left for the speeches. Then, the Prime Minister has to reply. After the Bills are passed, we can have it. (Interruptions).

SHRI DIPEN GHOSH: Madam, the Leader of the House has agreed

THE MINISTER OF HEALTH AND FAMILY WELFARE (SHRI M. L. FOTEDAR): What is the position, Madam?

THE DEPUTY CHAIRMAN: The position is that we will complete this and then we will take up the Bills. Shri Tindivanam G. Venkatraman (Interruptions)

SHRI M. L. FOTEDAR: When will the Prime Minister reply?

THE DEPUTY CHAIRMAN: As I said, forty-five minutes are left for the speeches to be completed. Then, the Prime Minister will reply. It will be around 5.30 p.m.

SHRI TINDIVANAM G. VENKATRAMAN (Tamil Nadu): Madam Deputy Chairman, I would like to place on record my opposition to the new industrial policy of the Government. The original mixed economy policy as advocated by the late Prime Minister, Pandit Jawaharlal Nehru, has

been given a go-by. It has been watered down by the new policy. Then, public sector was given prominence, whereas, the present policy goes against that very basic principle.

The basic principle in this present framework which has been unveiled is to delink the Government from almost all aspects of industrial planning and production. Due to this, the Monopolies and Restrictive Trade Practices Commission and other related offices would lose their importance. The need to gradually indigenise production and the power of public lending institutions to take over badly-managed sick units are things of the past. Barring a few minor restrictions like location and hazardous nature of industry, anyone is free to put up any industry, involving any amount of capital, in any place. The capital and control may be that of anybody, even a foreigner. In due course, the public sector units too would be available for take-over, as are privately owned ones now. A long-held threat of closure of sick public sector units is a must in the days to come.

The object of foreign technology in Indian industry is to make Indian goods capture the world market. But this appears to be too ambitious. Investors may agree to buy-back arrangements, but their eyes will be finally rivetted on the burgeoning domestic market. With productivity-boosting technology, cheap labour, little competition and huge hunger for a larger variety of consumer goods, who will want to ship out anything more than the obligatory minimum? Indian industrialists have the entire world open to them barring a few no-entry gates. But where will they get foreign exchange if they want a collaboration arrangement? The Government has disowned responsibility. The new policy is not at all that open.

Privatization of industries would lead to unrestricted closures and retrenchments. About 2.4 lakh sick industrial units, which are doomed to be

written off, await closure with unemployment for lakhs and lakhs of workers. The Government has to give protection to all these workers whose unemployment is going to take place in the near future.

The 51 per cent policy for foreign investments will end in multinational corporations which will facilitate their penetration and dominance in vital sectors of the economy. A free hand is extended to big business bosses to monopolize Indian trade. The public sector is struck down and the private sector is given commanding heights of the economy.

The gap between agriculture and industry will increase further. The experience of the 1980s shows that delicensing has led to excess capacity and industrial sickness in many industries such as paper, spinning and consumer electronics.

Monopoly control is essential for equity and democracy. In short, this policy is totally against the policy of socialism.

With these words, Madam, I thank you.

श्री कृतरानन मिश्र : उपसभापति महोदय, यह जो नई इण्डस्ट्रियल पोलिसी हम लोग इसको कहते हैं कि जनविरोधी है। इसका कारण यह है कि यह इण्डस्ट्रियल पोलिसी एक्मप्लूमेंटलो यह है मार्केट फोर्सेज पर और हमारे देश के मोर टेन 60 परसेंट आफ दि पिपुल मार्केट में पार्टिसिपेट ही नहीं करते हैं या वन वे करते हैं, थोड़ा थोड़ा वे कुछ खरीदते हैं, बेचते कुछ भी नहीं हैं। इसीलिये यह पोलिसी जो प्राइवेट सेक्टर की तरफ जाने की है, वह इस 60 प्रतिशत का फायदा नहीं कर सकती है। दूसरी बात जो हम कहना चाहेंगे वह यह है कि हमारे देश में लगभग दस करोड़ लोगों का एक अच्छा बाजार है—एक्प्लूमेंट सेक्शन है। वह सब चीज खरीदता है। व्हाईट गुड्स भी खरीदता है, इलेक्ट्रॉनिक्स गुड्स भी खरीदता है। इस मार्केट को लूटने के लिये फारेन मल्टीनेशनल कम्पनी और हमारे देश के

पूँजीपति, दोनों के समझौते का यह डीक्यू-मेंट डिक्लेरेशन है कि वे दोनों मिलकर के इन 10-12 करोड़ आदमियों को लूटें। मजोरिटी आफ दि पिपुल हमारे गृहों पार्टिसिपेट नहीं है मार्केट फोर्सेज में। यही इसकी सबसे बड़ी बीकनेस है।

तीसरी बात, जो हम कहना चाहेंगे। इसमें एक नयी पोलिसी जो अब तक नीति निर्धारित थी, उसमें मौलिक छिपाचंर है। पहले हमारी बेसिक पोलिसी थी कि पब्लिक सेक्टर में इन्वेस्टमेंट के जरिये हम कंट्रोल करेंगे बाजार को भी और हेड आफ दि इकोनामी का, सबसे यह कर। इसमें कह रहा है कि फिस्कल और मोनिटरी कंट्रोल के जरिये हम लोगों की हालत को अच्छा करेंगे। यह नई पोलिसी जो है, आपके पास में जब सारी पावर थी, तब आप बाजार का निमंत्रण कर ही नहीं सके। तब तो मोनोपौली सेक्टर जो है, बहुत ज्यादा बढ़ गया था। जो देश फिस्कल और मोनिटरी कंट्रोल के जरिये गरीबी को दूर करता है या गरीब-अमीर के बीच भेदभाव को कम करता है वह स्वीडन है। मैं आपके सामने स्वीडन की इकोनामी के बारे में थोड़ा सा वहां का पढ़कर सुनाता हूँ: दि इकोनामी आफ स्वीडन, पृष्ठ, 157:

"The Swedish Government has effected a redistribution of income through taxation and expenditure policies, and through the use of full-employment measures,"—आप इसको ध्यान दीजिये

'full employment measures'—
"which include fiscal and manpower policies. The result is the creation of an economy in which the ratio of income inequality between the highest and lowest-income groups have been reduced to a level which is certainly much lower than that which exists in either the United States or the Soviet Union."

यह हम आपको कहना चाहते थे कि एक ही देश है जिसने मोनिटरी और

[श्री चतुरानन मिश्र]

फिस्कल पालिसी के जरिये ऐसा किया है। हमारे यहां तो उल्टा होता है। हमारे यहां बैंकों का इस्तेमाल होता है पूंजीपतियों के फायदे के लिये, फाइनेंसियल इंस्टीट्यूशन का इस्तेमाल होता है उनके लिये। अब आप उनको कैसे कंट्रोल करेंगे? मुख्य कमजोरी यही है और इसीलिये मैं इसको जर्नालिरोधी मानता हूं।

दूसरी बात यह है कि जिन उद्योगों में हमारी इंटरनेशनल कंपिटिशन में आने के लायक टेक्नोलोजी है, जैसे टैक्सटाइल है, शू में है, कुछ इंजीनियरिंग में है, सरकार ने इसके बारे में स्पष्ट नहीं किया कि जिन मामलों में हम सेल्फ-रिलायेंट हैं वहां पर फारेन कैपिटल को क्यों लायें? मेरे जैसा आदमी समझता है कि आई० एम० एफ० से लोन लेने से अच्छा है कि फारेन कैपिटल को आने दें। वह तो बिना काम के सूद लेगा लेकिन फारेन कैपिटल आयेगा वह अर्न करेगा। लेकिन यह किन उद्योगों में होगा इसके बारे में भी कुछ नहीं कहा गया है। इसके अलावा जो फारेन कंपनियां हैं इनके बारे में कोई प्रावधान नहीं है कि अगर वह डंपिंग करेंगे तो इसको कैसे आप रोक सकेंगे? हमारे देश में डंपिंग विरोधी कानून नहीं है, जैसा अन्य देशों में है। मेरे पास समय नहीं है, नहीं तो मैं उदाहरण दे सकता हूं कि "भेल" और "सेल" जैसी हमारी बड़ी कंपनियां भी यदि उन्हें मल्टी नेशनल्स के साथ कंपीट करने के लिये कहा जायेगा, तो बिना सुरक्षा के फेल हो जायेंगी।

तीसरी बात मैं कहना चाहता हूं कि जो विदेशी पूंजी वाले आते हैं वह भी सब्सिडाइज होंगे? मैंने स्टील उद्योग का अध्ययन किया है। जर्मनी के अन्दर कोक का जो दाम है, जो कोयला उसको दिया जाता है स्टील बनाने के लिये, उसका दाम कच्चे कोयले से भी कम होता है। कोक को जर्मन सरकार सब्सिडाइज करती है, स्टील को नहीं करती है। इसीलिये वहां का स्टील

सस्ता पड़ता है। इस तरह की चीजों को हमारे लोगों को देखना चाहिये, न कि खुले ग्राम विदेशी पूंजीपतियों के हाथों भारतीय उद्योगों को छोड़ना चाहिये।

महोदया, मैं एक उदाहरण देता हूं इसके बारे में। हमारी सरकार पूंजीपतियों से भी ज्यादा पूंजीवाद की पक्षधर है। मैं एसोसियेटेड चैम्बर आफ कामर्स एंड इंडस्ट्रीज की रिपोर्ट पढ़ रहा हूं। उन्होंने सरकार को सामने एक न्यू इकॉनामिक आर्डर के नाम से मेमोरेण्डम दिया है। उसमें दिया है—

"A commitment by the top management of the top 2,000 companies of our country that within three years every effort will be made to export minimum 25 per cent of their production."

तो जब पूंजीपति लोग कहते हैं कि इसका प्रावधान कीजिये तो मैं प्रधान मंत्री से जानना चाहता हूं कि आप क्यों नहीं यह प्रावधान रखते हैं कि जितना वे उत्पादन करते हैं, उसका एक हिस्सा फारेन एक्मचेंज के लिये उनको रखना पड़ेगा। इसलिये मैं इस ओर सरकार का ध्यान आकर्षित करना चाहता हूं।

चौथी बात जो मैं कहना चाहता हूं वह यह है कि बहु-राष्ट्रीय कंपनियां जो बायदा कर लेती हैं उसको वह नहीं मानती। मैं उदाहरण देता हूं मारुति उद्योग का। नई दिल्ली में सन 1990 में यूनाइटेड नेशन्स सेंटर आन ट्रांसनेशनल कारपोरेशन की राउंड टेबल कॉन्फ्रेंस की अध्ययन रिपोर्ट से उद्धरण, पेज-54 :

"Maruti Udyog Ltd. was expected to achieve the import content rate of 53 per cent for cars and 68 per cent for jeeps. which the company was unable to achieve."

उपसमापति : अब आप समाप्त कीजिये। समय कम है, और सब विजिनेस है। (व्यवधान)

श्री चतुरानन मिश्र : एक दो मिनट दे दीजिये, मैं समाप्त कर रहा हूँ। उस रिपोर्ट में दिया है—पेज 55 :

“None of the Indo-Japanese joint ventures in four and two wheelers had experience in exporting to hard currency area.”

• ये जापानी बहुराष्ट्रिक किसी भी हांड करेमी वाले एरिया में भारत में बना अपना माल नहीं भेजते। कंपोनेंट्स, पार्ट्स भी जो हमारी भारतीय कंपनियाँ अच्छे बनाती हैं, उनसे नहीं लेते। जैसे सोना कंपनी है जो स्टियरिंग की अच्छी कंपनी है हमारी टेक्नोलॉजी की, लेकिन उसको भी वह मानने के लिये तैयार नहीं है। इसी तरह से कच बनाने की जो कंपनी है उसको भी वह मानने के लिये तैयार नहीं है। मैं पेज 47 से जो कंट्रोलर एंड ऑडिटर जनरल की जो रिपोर्ट है उससे उद्धृत करता हूँ—

“No exports were made by 64 per cent of the units renewed during the year upto 1983-84.”

यानी ईंपीजेड में विदेशी पूंजीपतियों को जिनको जहाँ 100 परसेंट पूंजी लगाने की छूट मिली हुई है अभी आपने 51 परसेंट बाकी भारत में कर दी है। वे भी अपना कमिटमेंट पूरा नहीं करते हैं। इसी तरह से जो टेक्नोलॉजी के ट्रांसफर का प्रश्न है उसके बारे में मैं कहना चाहूँगा कि टेक्नोलॉजी का ट्रांसफर ये विदेशी कंपनियाँ नहीं करती हैं। उसी रिपोर्ट के पेज 47 में दिया हुआ है। इसे मैं यहाँ उद्धृत कर रहा हूँ :

“The trend can be further examined. That will show that technology transfer cases with financial investment have gone up, whereas purely technological transfer cases have declined.”

यह समझौता कर लेती हैं और टेक्नोलॉजी नहीं देती हैं। यह इस रिपोर्ट में है।

यह कोई कम्युनिस्ट पार्टी के दफ्तर की रिपोर्ट नहीं है। इसीलिये मैं सरकार से कहना चाहता हूँ कि वह इस बात को देखें कि वे कंपनियाँ ऐसा क्यों करती हैं। (समय की घंटी) महोदय, आपने समय की पाबन्दी लगा दी है इसलिये मैं यहीं पर खतम करता हूँ।

उपसभापति : आप लिखकर भेज दीजिये।

श्री चतुरानन मिश्र : जो लिखकर लाये वह तो पढ़ नहीं पाये।

SHRI S. MADHAVAN (Tamil Nadu): I welcome the Government policy to liquidate the quota-licence raj in the country. The aim is to modernise the economy and invite foreign investment to boost our production and export our goods to foreign countries. But, I fear what will be the role of the State Governments in the industrial development. Former Congress Governments had helped the State Governments to develop industries in the cooperative sector. For example, spinning mills were to help the handloom weavers, sugar industries were to help the agriculturists. A new policy was adopted by Indira Ji with the concept of the joint sector under which the State Government was given permission to start industries along with the private sector. What will happen to those policies under this new policy? I don't find any mention about that.

The most objectionable portion of this policy is allowing foreign trading companies to come to India for trading purposes or to get modern marketing economy techniques. That is the word mentioned in the policy statement. I appreciate high technology for our industrial development, but we should not go in for foreign trading companies to exploit natural resources in our country. India is a deficit country. We have got scarce raw materials. There is a fear that new policy is opening up the gates

[Shri S. Madhovan]
for the multi-nationals to exploit our natural resources. This fear must be put an end to by the Prime Minister while giving his reply.

A policy about the backward areas was being followed by the Congress Governments. For backward areas you must have a separate policy. The public sector and the State Governments must come to the help of the backward areas and start industries there. That also must be made clear by the Minister in his reply. There is a fear that because of the new policy, the working class will suffer. The Policy Statement says that there will be a mechanism to help the labour force. That means when the Government admits that we are going to retrench labour. That fear is there. So, I would request the Government to have a dialogue with the working class and the State Governments before formulating the policies which will dislodge the working force. For example what will be the policy in regard to the handloom weavers? If you say competitiveness will be allowed for industrial development, you must also keep in mind that the handloom weavers cannot compete with the textile sector, the composite sector. If you are going to allow the foreign companies to indulge in these things, what will happen to our handloom sector. Congress Governments right from the beginning have been giving protection to the handloom sector. Lakhs of people are dependent on it. I am sure the Prime Minister will assure that the handloom sector will be protected.
5.00 P.M.

SHRI JAGESH DESAI: Madam Deputy Chairperson, first of all I would like to make it clear that I am not happy with many of the proposals contained in the Industrial Policy, 1991. I would like to go back to the year 1936 or 1938—I don't remember it correctly—when Subhas Chandra Bose was the President of the Congress. A planning committee of the Congress was established under the Chairmanship of Pandit Jawaharlal

Nehru. Since then we were thinking of what type of industrial policy the country should have, what type of planning we should have. After we got the independence, in the year 1948, Pandit Jawaharlal Nehru declared the industrial policy. In that policy it was said that there should be three types of industries, one only reserved as a monopoly of the State, the second for private sector and the third, even in the private sector wherever the Government feels it should be in the public sector it can do it and try to see that private industries are converted into cooperative sector. That was the philosophy. After 1956 we have committed ourselves to the socialistic pattern of society. Again a thrust was given that public sector should get the commanding heights. Accordingly the industrial policy was changed to make it more strong and more vibrant. Again in 1977 when the Janata Party came into power, they also laid stress on small scale industries and the tiny industries. The other part they have kept as it is. In those days an impression was created in the minds of the people that the public sector is not a good sector. The faith of the people in the public sector was going down. That is why the Industrial Policy of 1980—when Indira was defeated and when she came back into power—it was made very clear "An unfortunate development during the recent political vacuum in the country has been an erosion of faith in the public sector which has been reflected in the rather poor performance in recent years." In that year also the profits of the public sector were going down I don't want to charge anybody. But this is a reality. In those years the profits were going down. "The public sector which was conceived to provide the pillars of the country's economic infrastructure was rendered hollow."

SHRI R. K. DHAWAN: During the Janata period

SHRI JAGESH DESAI: Yes. That is why in 1988 we reiterated again

that we have to restore the people's faith in the public sector. Accordingly several policy modifications were done only to strengthen the public sector but not to weaken it. I am one of those who always fight for the cause of the public sector. I want a vibrant public sector. When Shri Rajiv Gandhi came into power, for the first time in the Indian history, the public sector was made tax-free. It was never done in the past. That is how he tried to mobilise the resources for the public sector. Rajivji himself personally looked into it. The profits of the public sector have gone up because we tried to ensure the efficiency of the public sector. I had given a long data when I spoke on the general budget. I would not like to go into the details. Sometimes I feel we have to go one step backward in order to come two steps forward. I do feel very strongly, if the public sector and the private sector have to use their capacity to the full, a time has come when we have to provide them with power. I am committed that the public sector should be given power. If power is not available to the extent they require, we cannot get returns up to 50 per cent. This 50 per cent capacity remains completely dormant. And we are not getting even 50 per cent return on all the investment made. That is why the time has come when, if good private sector companies are coming forward, we should allow them in the power sector because by that we shall be able to get twice the returns we are getting now. This is all the more necessary when we have no resources. So I welcome the policy of the Government on this count.

SHRI R. K. DHAWAN: It is a contradiction.

SHRI JAGESH DESAI: I have told you very frankly that sometimes we have to go one step backward to go two steps further. (*Interruption*). If the Government has no resources and because of shortage of power if you are not exploiting the capacity fully,

it is necessary to do it. I am very convinced about that. That is why though I would like that to be in the public sector, because we do not have the finances for that purpose, we have to move in that direction.

SHRI R. K. DHAWAN: Then, all that you have said before becomes redundant.

SHRI JAGESH DESAI: No, not at all. We have to see that the public sector remains and gets full returns. For that it is necessary that we take this step. Otherwise, the public sector will face worse difficulties. That is why I feel, so far as power is concerned, that if the Government has no resources, it can be given to the private sector so that we can get returns.

Secondly, as regards foreign investment, you have made it 51 per cent. That means the total control on the industry will be in the hands of foreign investors. That, I think, is not in the interests of the country. We have always said that we are a strong Government and we are a strong nation. Multinationals are held by very powerful lobbies of foreign countries and they may play a havoc with our political system in this country. There may be occasions when we have to be firm. In 1987, I was in Geneva for a conference. At that time, there was the tremendous pressure of America that we should see that the public sector was demolished. In the debates also, they had said that. But I am very happy to say that our country has taken the stand that we are not going to dilute our economic philosophy and as such, we have to see that our public sector concept is not diluted. But here, the explanation given to us is, lack of resources. As I told you earlier, public sector industries are mostly in infrastructure industries where the returns are very low. It is also said that we should mobilise resources too. That is there in the Finance Minister's speech. I do not agree with that. The public sector is

[Shri Jagesh Desai]

not meant for generating resources. Yes, it must be run efficiently. (*Interruptions*). As I told you earlier, we have taken over sick industries to the public sector and that is why losses are there. We have to improve it. There is no doubt about it. But to say that the return is only two or three per cent is all without any basis. The returns of the public sector on the equity of about Rs. 37,000 crores come to about nine per cent, post-tax. But if you take loans and equity together, it will be four per cent. On loans they are paying interests. A committee should be appointed to find out what returns should be given by particular industries. For instance, for textile industry, should it be 8 per cent or 10 per cent or 12 per cent? And, accordingly, if it is not there, then you have to take corrective actions and you have to improve it. I have only one or two more points to make.

THE DEPUTY CHAIRMAN: But I have other Members also.

SHRI JAGESH DESAI: Madam..... (*Interruptions*). I am making out a case for the public sector. (*Interruptions*).

THE DEPUTY CHAIRMAN: Mr. Jagesh Desai, please address the Chair.

SHRI JAGESH DESAI: I am very clear in my concept regarding the power industry because I want to see that the public sector remains. I don't want to kill it.

As far as disinvestment in the public sector is concerned, there is a difference in the Finance Minister's speech and the Industrial Policy. Now you are going to float the private mutual funds. The mutual funds are doing very well. That is what the Finance Minister has said. In spite of that, why do you want the mutual funds in the private sector? What is

the logic behind it? I have not been able to understand it.

Secondly, in the disinvestment, in the public sector of some identified industries apart from the employees, the financial institutions and the mutual funds, in the Industrial Policy private persons have also been mentioned. So through this private mutual fund, backdoor entry in the private sector is to be given to them. I would like the Minister to clarify this point. If it is not so, I will be very happy. The mutual funds of the financial institutions, yes. I do not deny that because they are all public sector units and if they invest in the public sector, I have no objection. But if the private sector is allowed through the private mutual fund, then I think they will invest in those industries only where profits are there and nobody would like to invest in the areas where there will be losses. So they will get the benefit of high profit and high dividend and that is why the Government should look into it and see that this is not being done.

The Industrial Policy programme must be employment-oriented. So many new industries have come up during the last four-five years. But what is the picture of mode of employment? In 1983, there were 46.86 lakh manufacturing units of the private sector. In 1989, it has gone down to 43.59 lakhs in spite of the fact that thousands of new industries have come up. So if you think that you will be able to provide employment by this technology and by the private sector, then you are mistaken. The figures are quite contrary. It has gone down. Instead of having increased in six years, the figures are not even at the level of 1983 and that is why, we have to see whether such types of industries will be able to give more employment or not.

So far as the small scale industries are concerned, in the year 1988-89, they numbered one crore thirteen

lakhs. Now it has become one crore twenty lakhs. That means there is an increase of 5 to 10 per cent. Similarly, in cottage and village industries where the number was 45 lakhs, now it has gone up to 50 lakhs. So we have to give a big thrust to the small scale industries and they will be able to provide more employment.

My last point is regarding the foreign investment. I would like to know: Whether the foreign investment is 51 per cent, will the control of such units be given to the foreign investors or will it remain with the Indian units? Secondly, I would like to know whether the dividend will be repatriated in foreign exchange and whether there will be conditions that out of 51 per cent investment, they must export up to a certain percentage of the production, say 25 per cent or 30 per cent. If that is so, then alone this is advantageous. Otherwise, there may be a drain on foreign exchange and we have to see how we can avoid it.

THE DEPUTY CHAIRMAN: Please conclude.

(Interruptions)

SHRI A. G. KULKARNI: Madam, I want to know from him ... (Interruptions).

THE DEPUTY CHAIRMAN: You should know from the Minister. He is not yet a Minister. (Interruptions)

SHRI A. G. KULKARNI: ...and send the dividend.... You read it. You read the policy statement.

SHRI JAGESH DESAI: I have seen the Policy. No such mention is there. (Interruptions)

SHRI S. JAIPAL REDDY: Madam, it is only a coincidence.

(Interruptions)

SHRI JAGESH DESAI: There should be a suitable foreign exchange earning from then., otherwise, there

will a drain on the economy. On these points I would like to have clarifications from the Minister. One more point.....

THE DEPUTY CHAIRMAN: Mr. Desai, please conclude. I have many speakers.

SHRI JAGESH DESAI: Madam, in the speech of the Finance Minister for term lending, term borrowing, the minimum interest rate is 15 per cent and over and above that they can charge according to the creditworthiness. I would like to know from the Minister whether this kind of principle will also be adopted for the small-scale industries. For small-scale industries if you are going to see the creditworthiness, then the rate of interest is going to be very high. That is why this concept of creditworthiness was never applied in the nationalised banks and as such, I do feel that this concept of creditworthiness which has come in the Budget speech is not applicable to persons like me and that this concept of creditworthiness should be changed. We should see those who can bring the money and those who can produce the goods, this may be given to them. On these points I would like to have clarifications from the Minister. Thank you.

श्री जगेश सिंह मान (साम-निर्दिष्ट) :
मैडम, मैं इंडस्ट्रियल पालिसी के संबंध में यह कहना चाहता हूँ कि इंडस्ट्रियल पालिसी के शुरू में ही जो प्रावधान दिए गये हैं, तो उनके संबंध में शुरू में कहा गया है कि एग्रीकल्चर और इंडस्ट्रियल डिवलपमेंट करने के लिये यह पालिसी शुरू की गई है। एग्रीकल्चर के लिये जबकि अब तक कोई ऐसी पालिसी नहीं तय की गई है, तो यह इंडस्ट्री के लिये पालिसी है। इसलिये एग्रीकल्चर के संबंध में भी एक पालिसी तैयार करनी चाहिये।

खैर इस वक़्त इसका संबंध नहीं है। तो हमके आगे चलता हुआ मैं कहना चाहता हूँ— इस पालिसी में आगे कहा गया है कि

[श्री सूपेन्द्र सिंह मान]

अभी तक इंडस्ट्रियल पालिसी ने—जहां से हमने शुरू की, वहां से कहीं कोई आगे नहीं बढ़ी, हम वहीं के वहीं हैं। इसका मतलब यह है कि इस पालिसी को छोड़ देना अच्छी बात है। जिस पालिसी ने आज तक कुछ नहीं दिया उसको छोड़ भी दें, तो बढ़ी अच्छी बात है, लेकिन जिनके नाम के ऊपर यह पालिसी लगी हुई है, उनका नाम लेकर छोड़ें, तो शायद अच्छा नहीं लगता। इसे छोड़ देना अच्छी बात है, लेकिन हम छोड़ कहां रहे हैं।

गांधी जी ने कहा था कि देश को अंग्रेज लूट रहा है, गोरा अंग्रेज लूट रहा है और देश को गोरे अंग्रेज से आजादी चाहिये, क्योंकि यहां की कपड़ों को वह मानचेस्टर में ले जाता है और वहां से कपड़ा बना कर फिर हमें ही देता है और हमें इस प्रॉमिस से लूटता है।

जब से हमने आजादी ली है, हमारे शहर और गांव की डिमपैरिटी पहले से बढ़ी है। सरकारी रिपोर्ट है कि उस वक्त 1:4 की रेशो थी और आज 1:6 की रेशो हो गई है। इसका मतलब हम उससे पीछे गये हैं, आगे नहीं बढ़े हैं। इसी संबंध में हम और आगे जा रहे हैं। उस वक्त गोरा अंग्रेज लूट रहा था। अब सारे देश में यह चर्चा कि उसके बाद काला अंग्रेज लूटता रहा है और काले अंग्रेज की लुट्टाई को बन्द करना बिल्कुल जरूरी है। लेकिन काले अंग्रेज के साथ-साथ और अंग्रेज को लाना, यह कहां की अच्छी बात है।

अब फिर गोरे अंग्रेज लाकर यहां हम बात कर रहे हैं कि फिर लुट्टाई हम अकेले थोड़े ही कर सकते हैं, इसमें गोरा अंग्रेज आये और हम साथ लुटें और फिर इकट्ठे होकर यहां लुट्टाई शुरू कर दें।

मैं समझता हूं कि यह बात गलत है। इसमें यहां साफ कहा गया है कि गांधी जी का कनसेप्ट अब भी अगर हम

अपनाये तो देश को बचा सकते हैं। जिन गहराइयों में हमने देश को गिरा दिया है—उन्होंने कहा था कि किसान को उसकी खेती की उपज को प्रॉमिस करने की ताकत हो। इसीलिये उन्होंने चर्खा दिया था कि अपनी कपास से हमें कपड़ा पैदा करके आप पहनायें तो अपनी हालत अच्छी हो सकती है, बदल सकती है।

लेकिन अब यहां यह है—अभी भी जो लिस्ट इसमें रखी गई है—जिनको लाइसेंस की जरूरत है और ओपन नहीं हैं—उसमें वहीं सारी चीजें हैं, जो किसान पैदा करता है, पर किसान अपनी चीजों को प्रॉमिस नहीं कर सकता। यह वहां का इन्फ है। अगर किसी इंडस्ट्री के पास कोई कैप्टिव चीज है, तो वह उसको प्रॉमिस कर सकती है। किसान के पास अगर उसका गन्ना हो, तो वह चीनी नहीं बना सकता वह इक्वेटे बनाना चाहे, तो भी नहीं बना सकता। वह बैक्यूम पैन सिस्टम की वजह से, बड़ी जो शुगर मिल है वह इंडस्ट्रियलिस्ट लगा ले, या इस वक्त की जो बुरी हालत में कोओपरेटिव मूवमेंट में फंसी हुई है, जो इस वक्त बिल्कुल गलत हाथों में गई है, ब्यूरोक्रेटिक हो गई है और कई-कई साल तक, पंजाब में तो 12-12 साल तक जनरल बाईज तक नहीं होती। बहुत बुरा हाल हो गया है, तो किसान खुद नहीं लगा सकता। ऐसे ही शहर के आगे नहीं चले एडिबल आयलम, एनीमल फैंस वह भी किसान के संबंध में है, आगे चले किसान के हाथ में लवड़ी है। अपनी लकड़ी को क्या वह प्रॉमिस नहीं कर सकता है? वह लकड़ी पैदा करता है। आज भी प्लाईवुड डेकोरेटिव विनीज, वुड बेस्ड प्रोडक्ट्स बनाने की उसको मनाही कर दी है। बाहर वाले आये, गोरे अंग्रेज आये, वह आकर यहां धन लगाये और हमें लूट कर चले जायें, लेकिन हम अपने किसान को वह इजाजत बिल्कुल नहीं देना चाहते हैं कि वह अपनी लकड़ी को खुद प्रॉमिस करके प्लाईवुड वगैरह कुछ बना ले, नहीं तो इक्वेटे होकर बना ले, कोओपरेटिव में नहीं चाहते हैं तो कंपनी

में इकट्ठे होकर बना लें। वह कहा जा रहे हैं? टैंड और ड्रैस फ्रीसकज हैं, किसान को चीज है, उसको हम नहीं बनाने दे रहे हैं। पेपर है, युकलिप्टस है किसान के पास, उस युकलिप्टस को, उस लकड़ी को हम प्रोसेस नहीं करने देंगे क्या? क्या हम यह चाहते हैं कि उसी तरह से वह जकड़ा हुआ रहे जैसे अंग्रेज के जमाने में था? हमें चाहिये कि यह जो चीज है, इनको जो किसान खुद बना सकता हो, इकट्ठा होकर, चाहे वह कोअपरेटिव में, चाहे वह कम्पनी बनाकर, चाहे वह किसी भी हालत में चाहे किसान अपनी चीज को जो प्रोसेस करता है उसको करने की बिल्कुल खुली छूट होनी चाहिए। एक्सपोर्ट करना चाहे तो एक्सपोर्ट करें, यहां बेचना चाहे तो यहां बेचे, घर रखना चाहे तो घर रखे, कुछ भी करे। इन हालात में फिर आगे चलें तो उसमें और जो है, जो वह बना सकते हैं उसमें फिर आल फूड प्रोसेसिंग इंडस्ट्रीज को तो हम कहते हैं कि वह बाहर वाले आकर बना लें और किसान को भी इसमें छूट देने की बात सोची जा सकती है। लेकिन अदर दैन मिल्क, माल्टेड, फूड एंड फ्लेवर, पलोर तो इस ढंग से जो वास्तव में किसान को उसकी उपज का, मेहनत का दाम देने वाली चीज है, इस पालिसी में अब भी हमने जैसे पिछले 40 सालों में किसान को बांध कर, बंधुआ बनाकर रखा है जिसकी वजह से आज यहां से रीला है। अगर पिछली सरकार ने 1400 करोड़ रुपये का कर्ज मुआफ कर दिया, तो आज तक किसान को कितना लूटा है? उसके ऊपर जो कर्ज चड़ा था वह गलत पालिसी के कारण चड़ा था और उसके सेंटीमेंटस को दबाने के लिये उसको थोड़ा नरम और यह किया था और आज भी देश बहुत बुरी गहराई में पड़ा हुआ है, मंडम, मैं चाहूंगा आपके माध्यम से प्राइम मिनिस्टर यहां हैं, कि इस देश को उठाने के लिये, किसानों का यह देश है, आज भी किसान जितनी मेहनत कर सकता है, कर रहा है, उसको करने दिया जाय। उसको जकड़ कर, उसका हाथ पकड़ कर, उसको बंधुआ बनाया जाय। ऐसी नीति मत

बनाई जाये जिससे अब भी, पहले गोरा अंग्रेज लूटता रहा था, अब काला और गोरा इकट्ठे होकर उसको लूटें। देश में बहुत बड़ी फस्टेशन हो गई है। यह आर्थिक फस्टेशन है। यह बहुत जगह बढ़ गई है और बहुत तेजी से बढ़ रही है। इसको देखिये और आने वाला जो मौसम है, उसको देखिये। बहुत बड़ी लाल अंधेरी आसमान के ऊपर चढ़ रही है। उससे बचने के लिये हमें यह सोचना चाहिये कि अपनी नीतियां उस ढंग से हों कि जिनमें ईमानदारी टपकती हो, जिसमें यहां देश के लोगों के प्रति सहानुभूति टपकती हो और जिसमें यह पालिसी हो, जो हमने छोड़ी है, छोड़ दें। ईमानदारी से छोड़ दें, लेकिन छोड़ने की बात कैसे करें और बड़ लोगों को यहां लाकर हमें लूटने वाली बात, ऐसी नहीं होनी चाहिये, किसान को अब भी किसान की उपज का उसको प्रोसेस करने की और अगर वह चाहता है कि आज भी, कि वह अपने चावल को प्रोसेस कर ले तो क्या फिर उसको प्रोसेस नहीं करने की बात इसमें भी अभी चल रही है। मैं चाहता हूं कि अब भी देश को बचाने का यही रास्ता है, औद्योगिकरण देश को बचाने के लिये जरूरी है, लेकिन जितनी वह कमाई नहीं है उनके हाथों में वह पैसा दे देंगे तो वह क्या करेंगे? जिनकी कमाई है, किसान की इस देश में कमाई है, किसान के हाथ में यह पैसा रहने दो, किसान इस देश को डिवेलप करेगा तब ही देश बच सकता है। इन्हीं शब्दों के साथ, मैं आपका धन्यवाद करता हूं। टाइम तो आपने बहुत कम दिया, लेकिन फिर भी जितना है, उसी के हिसाब से बात करते हुये मैं इजाजत चाहता हूं। धन्यवाद।

PROF. M. G. K. MENON (Rajasthan): Madam Deputy Chairman, first of all I would like to say that in speaking on this subject I do so with a sense of disquiet. I am not speaking with any ideological or terminological baggage. I realise that conditions have changed since 1948, since 1956, since 1973 and we should keep up with the times. Therefore, we certainly should do what is right for the

[Prof. M. G. K. Menon]

country at the present moment. I have no complaints about that whatever. But whatever we do we must do after full analysis of the consequences in the long-term. I regret to say that there is no evidence in the documents which are before us that such a long-term analysis of the consequences of this Industrial Policy Statement has been carried out. This is the reason for my disquiet. I listened very carefully to the Hon'ble Finance Minister when he presented his Budget and I fully realise from that and the Economic Survey the many compulsions, the many problems that the Finance Minister, the Government of the day, faces in terms of the balance of payments, the low foreign exchange reserves, the deficit, the flight of capital and the need for international credibility and the need for the IMF loan. We understand these compulsions. However, just before the Budget in what appeared to have been done in a hurry, a cyclostyled document which is a major statement on industrial policy was presented to Parliament. I was greatly surprised that an industrial policy with these great changes was presented in such a hurry and without an elaborate discussion. Perhaps it was done under some compulsions. Many of them appeared to be IMF and World Bank compulsion. Anyway, it is not for me to say what those compulsions were. I would not even mind if they were compulsions which would do good to the country. As some of my colleagues have said, if something is good for us, let us have it. But what I am really concerned about is: Has anybody analysed whether it is good in the long-term? And that is what worries me. Let me give you very briefly the reasons for it. One of the most important discussions under way at the present moment relates to the whole area of GATT and the so called Uruguay round. I believe that we should have a proper discussion on what is happening there so that Parliament is fully aware of the consequences. This got stuck, as everyone knows, in November 1990 on ac-

count of disagreements between the United States and the European nations on the agricultural sector. Thus far so good. However, it is very clear that industrialised countries would like to proceed on matters which are of interest to them, to their commercial interests, and pursue whatever is possible to pursue with regard to the developing countries. India is one of the largest, one of the powerful, ones with an enormous infrastructure and this is a very good opportunity when one looks at our financial difficulties. There are many components to this particular discussion. These include the so-called Trade-Related Investment Measures (TRIMS). And I must say that we have in our Industrial Policy Statement gone a long way to satisfy them that we are doing what they would wish to have. I am sure there will be compulsions to satisfy more aspects of 'TRIMS'. There is a further area relating to the Trade-Related Intellectual Property Rights (TRIPS). That is even more serious in the sense that it is planned to cover the whole area of services, the question to join the Paris Convention and the Patents Act. Much of it, if you look at purely from the point of view of industry, many may understand. But let me give you a totally different area. My colleague just spoke about agriculture. IPR is not something which relates only to industry. It also relates to agriculture. We have enormous biological resources, genetic resources, in the country. But what happens? It is taken away, converted into certain forms of intellectual property, sold back to us. Thus, what were our resources, purely on account of conversion through science and technology where they have greater capabilities, will have to be bought back and we may have to pay through our nose. Such a surrender will take us to a new form of colonialism. Many of my colleagues have spoken about the colonialism of the past, which was political. But the new one will be essentially a form of technological colonialism and which we have to be very careful about. I am in particular concerned about sectors like the

agricultural sector. Apart from that this will establish monopoly position for the transnational companies. You will find that the national companies cannot develop their technologies on account of the differential position in science and technology and therefore, they will only be "also ran" cases, I am, therefore, doubly concerned about the lack of any consideration to these issues—not even a word is stated about these in the industrial policy statement with regard to the long-term consequences for the country, of the measures and steps that we are taking. I will come to the other elements briefly. There is an implicit assumption that as soon as we get foreign investment, we will get two things: We will get high technology and we will get exports. There is no evidence what so ever from any country in the world that high technology has come through foreign investment coming in. What invariably comes is a straight forward production technology of normal products and that is what is normally referred to as know-how. There is no "know-why", no design capability; the only way that comes is, if you have your own capability within the country and that depends on ones own work and technical capability. I am sorry that in a document which relates to the whole industrial sector, where practically every page refers to 'technology' and today, when science and technology are closely related in a symbiotic way, there is no reference whatsoever to science. There is only half-a-line which says, development of indigenous technology through investment in research and development ... "As to how this will be done, where it will be done, there is no indication whatsoever. The other aspect is with regard to foreign exchange earnings, an assumption that through multinationals, through foreign investment in the country, we will earn foreign exchange in a significant way. The data which has already been provided to the House by my colleague, Shri Dipen Ghosh, based on R.B.I. analysis—I

won't repeat that—says that the foreign exchange earnings by foreign companies in India, shows a negative foreign exchange situation. Further there is no evidence that there is any significant foreign exchange earning in any developing country, compared to the total exports or total foreign exchange earnings of that country, through operations involving foreign investment. Therefore, in some sense, when we use many of these words, "globalisation" "integration with the global economy," and so on and so forth, but I do not find that these are dependable in terms of our own situation as we encounter them in the country. A reference has been made to foreign collaboration. Let me point out that between 1948 and 1980 we have had foreign collaborations of the order of 200 to 300 per year. In more recent years since 1980, it has been of the order of 600 to 900. Our distinguished Finance Minister, who is with us now, made a statement that in many areas our technology is obsolete and far-behind. He said that we got technology from the Soviet Union, we got them from Eastern Europe and the like. I do not understand this when I find that even in 1990, out of 703 foreign collaborations, 453 came from the USA, FRG, UK, Japan and only 250 came from elsewhere. It was entirely within our powers. It was our privilege to have the collaborations that we wanted. What we finally did was related to a whole range of other features, like the prices charged foreign exchange available, rupee payment terms and the like. Now, this is not to say that we do not need foreign technology. But in the case of foreign collaboration, we should be prepared to pay the price for first rate technology. I would say that we could learn something from what happened more than 100 years ago in Japan. At the time of the Meiji restoration there were only two basic points which the Japanese people made. One was, "We will acquire information and knowledge from whenever it is

[Prof. M. G. K. Menon]

available from around the world." We should be prepared for that."

Secondly, they planned to achieve universal elementary education and literacy in ten years. A large part of our problem in this country arises through lack of development of our human resources. You may get foreign investment, you may get foreign-built factories and so on and you may get exports from some of them. But a very very large part of this country, the rural sector, the agricultural sector, the infrastructure sector, that is, power, railways, roads, transportation, all will depend on our science and technology and unless one has a policy which affirms our confidence in that, our self-reliance in this respect, I would not say that we are really doing very much in this regard ... (*Time bell rings*) ... I am coming to the final point, Madam.

I do want to say that I was surprised at the manner in which in this statement, on page 9, para 31, a reference has been made to the public sector. A great many things have been said about the public sector. But, if you read this paragraph you will find it most extra ordinary when it says. "Serious problems are observed. A number of problems have begun to manifest themselves in many of the public enterprises", and so on. If you read the totality of it, it is an indictment of what we have done with regard to the public sector in the last few decades. I am surprised that this comes from a Government in power today which is a Congress (I) Government, a Government, which, in the 44 years since independence, has been in power for 41 years and dealt with the public sector in a manner which has brought us to this State, we should not have reached a situation like this. It is because of a whole range of wrong things which have taken place or which have been done. Madam, here it is not a question of any individual on the Treasury Benches. There were dis-

tinguished people and there are distinguished people and I know many of them and I respect them. But the fact is that there have been things which have been done with a great deal of political interference, lack of dynamism, etc. A reference was made to the COPU Report a few minutes ago. We should not through the baby out with the bath-water. I would urge upon the Government to look into this seriously. It has quite serious consequences and I would say also that many of the people who could have contributed to it, particularly in relation to science and technology about which I know, have not been in the picture whatsoever.

Finally, I would say that when one talks of science and technology in this country, one should look at what has been done in the fields where we have had to develop as any other country in the world; where no firms, no companies, have come to us to help. In areas like atomic energy, space, defence research, as also agriculture. We have done well. I would like to say that when Parliament has had occasion to acclaim if you take the total number of occasions when Parliament has stood up and clapped, the majority of these have been when there has been some major scientific accomplishments of this country. Therefore, I would say: Let us try to the self-reliant. The Government should relook at the policy from the viewpoint of the long-term consequences that are involved. Please involve the scientific community in these exercises. Thank you, Madam.

SHRI SHABBIR AHMAD SALARIA (Jammu and Kashmir): Madam, Deputy Chairman, so far as this Industrial Policy Statement is concerned, it has come in for sharp criticism. On the one hand, there is the contention that it is no good that no good could come out of it, and, on the other, it is said that this is a panacea for our ills, for our economic troubles, in which the country is

presently caught. I would like to bring to the notice of the Prime Minister the fears that have been expressed.

Will the foreign companies that will come into India have any adverse effect on the Indian companies which are already operating in India and will those companies survive?

Then, the fear that has been expressed is with regard to the cottage industries and handicrafts industries.

If the foreign industries come into India, will these Indian industries which are rural-based and generally known as cottage industries be adversely affected? And the third fear which is expressed is that when the foreign companies will come here with 51 per cent share, they will dominate the Indian economy, and may be our economic independence is bartered away and self-reliance cannot at all be attained and we shall be a country totally subjugated to the foreign capital and to the foreign industry. Now, these are the things which I submit the hon. Prime Minister may keep in view so that the fears of the hon. Members and of the country at large are allayed.

My submission is that while we read this policy statement, we find that there are some laudable features undoubtedly in it. No doubt, our private industry, private entrepreneurship in India was throttled by many controls, by licence system and other things. To the extent that it has been relieved, I think, all should have lauded and commended this part of the statement. There should have been no two opinions about it.

What I would suggest to the hon. Prime Minister is that our country has a parallel black economy and that has got to be rid of, and the black money has to be brought into the mainstream as white money so that it can contribute to the creation of

national wealth. For that, it appears, no tangible or effective steps have been taken in this policy statement. Some incentives to enable the black money to come out and be openly and legitimately available for reconstruction and for economic advancement should have been there. And the second submission that I would like to make on this aspect is that our banks are advancing loans at a very exorbitant rate of interest. Our industry is suffering because the entrepreneurs are not able generally to pay that rate of interest. Some thought has to be given to it. I find in practical life people taking loans, running industries and doing all that they can, but ultimately unable to paying the high rate of interest. It is for the Government to think about it and for the Reserve Bank of India to take necessary steps so that this high rate of interest is reduced. Moreover, I want to make one more suggestion that our tax structure has not only high tax rates but it has also various slabs. It is also most confusing. I don't think anywhere in the world such a tax structure is there, such a high rate of tax is imposed. This is an incentive for hoarding money, this is an incentive for creating black money. And I would request the hon. Finance Minister that with his ability and with his experience, he should have a fresh look into this also so that the tax structure is modelled in such a way that everybody would be willing to pay his taxes.

Madam, now I will come to our agricultural sector which is the base of our country even now, of our economy even now. The hon. Prime Minister may kindly take note of it. And I don't think that the conditions of the peasants can be ameliorated in a short while. But the fact remains that big landlordism is persisting and rural indebtedness is persisting and that led to the poverty of our people, to the misfortunes and to the privations of the people. I would suggest that some steps should be taken so

[Shri Shabbir Ahmad Salaria]

that land goes to the tiller and optimum area is left to the landlords for self-cultivation and not to monopolise or capitalise.

Madam, these are some submissions which I wanted to make in the short time which is available to me, and I request the hon. Prime Minister to kindly consider them.

SHRI PRAKASH YASHWANT AMBEDKAR (Nominated): Madam Chairperson, I will be as brief as possible.

I have gone through the objective part of statement that is given. The first issue is, what is the necessity that forced the Government to make a drastic change in the industrial policy? I am calling it a drastic change because we have got the Centre and States. In 1948-56 and 1980 the States did have a role to play along with the private sector. But today what you find in the new policy is that the States' role has been taken away and there is nothing which mentions that States can play a role here. That is one aspect.

The second aspect here is that we have done away with the industrial licensing capacity. By doing away with the industrial licensing capacity we have given a free hand to big houses. We have two reports, one of 1967, and the correction part of it is 1969 report. In these two reports it was defined that these houses used to capture the capacity utilisation which was granted by the Government. In the new policy we find the big houses have been given a free hand. New entrepreneurs that will come or who would like to set up industries? In what way are they going to be protected? We have been blaming the administrative machinery for the default. But may I add to it, along with the administrative machinery it is found that big houses are responsible for it—responsible in the sense that they have been debarring other people from coming into the indus-

trial sector? It is the banking system also which drives out these new entrepreneurs. May I ask as to how the Government is going to protect the new entrepreneurs, in the form of loans because they have to set up an industry through loans, through the banking system, through the financial systems? Is the new industrial policy going to protect the interests of new entrepreneurs. Let me point out to you that we have started in the banking system a process of computerisation. In the last four or five years, during which time we have had computerisation. I may easily put it that the employment level which was there in 1986 has remained virtually the same in 1991. I may go a step further and say that even there is a reduction in the employment in banks. This is the displaced. The hon. Finance Minister was kind enough to say: I am providing a certain sum in the Budget for these displaced persons. But may I ask, in this country which has 80 crores of population what are we going to do with the surplus labour that we have here? I know that Australia a few years ago had a system by which they paid a certain amount to the native people as subsistence allowance. In some countries they have a social security system. Are we going to provide a certain amount of subsistence level to these people? And if I may put it, today what is being fought for at the international level is an economic war. You control anybody's economy and you control the nation. Is it true that though this industrial policy what we are trying to do is to allow somebody else to control our economy? Because technology transfer is going to displace employment in this country it is going to create unrest in this country. What are the means by which we are going to implement this industrial policy? It has to be looked at from the social aspect. Our Constitution, I think, has one peculiar feature which does not exist in any other Constitution and that is, it lays down what is going to be our social and economic objectives and that is in the form of Directive Principles,

Does this policy fit within the framework of the Directive Principles? Are we creating an apparatus over the years where the wealth of this country is going to be concentrated in the hands of a few? Once the wealth gets concentrated in the hands of a few, may I add and say that we are going to have more political unrest in this country because it is through political process that economic power of this country is going to be captured. May I humbly ask the Prime Minister to satisfy us to what is the necessity in bringing about this new industrial policy?

THE DEPUTY CHAIRMAN: Now, the Prime Minister.

SHRI P. V. NARASIMHA RAO: Madam, I am grateful to the hon. Members who have contributed to this debate, effectively and significantly. I have noted many points that they have raised. Most of them have validity in themselves, most of them need to be further debated upon. All aspects of these points need to be understood.

The first thing I would like to point out and which has been pointed out earlier but somehow does not seem to have been appreciated is that the new Industrial Policy now before the House and the policies that went before it had certain common thread. This common thread goes back to Jawaharlal Nehru and I would like to reiterate that there has been no complete departure or any U-turn from what Jawaharlal Nehru said and what we wish to add now. It has been said many times during the last one month that we have left the Nehruvian line. The House may recall that at every step in the past, this had been said. When Nehru adumbrated his policy, it was said that the policy was a total departure from Mahatma Gandhi. When Indragiri came up with a new policy in 1973, it was again said that what was a departure from the Nehruvian line. And finally when Rajivji came with his policy in 1985 the same accusation

was repeated. So, I am not surprised that the accusation on the same lines has come now and it is said that we have departed from Jawaharlal's policies. I remember Panditji making many many speeches in order to prove that he did not effect a departure from Mahatma Gandhi. We as young activists heard him with rapt attention. But to anyone who could see only the superficial aspects Panditji's statement did not carry conviction.

I remember him inaugurating the Khadi and Village Industries Board General Body Meeting in Jaipur where he took more than an hour to explain why this was not a departure from his policies, why his concept of mixed economy is flexible enough to give scope for any amount of variation in the actual working out of the policies, and why this should not be taken as immutable. He said time and again that when we talk of socialism in this country, this is not a socialism borrowed from any other country. This is a socialism which we have developed, which we have to develop according to the genius of the people here, according to our own conditions, our own requirements.

Today, we have to understand that the world is at crossroads. Nothing that has been done before is going to be a complete pointer or a guide to what we are going to do now or what we will have to do hereafter. Therefore, we are not only the expounders of a new policy or a new turn in a policy, but are also explorers. What we are doing today is more than making a small change in the policy on even a new policy. What we are doing is we are having to find out a new solution to the problems of this country. We have had the old solutions. Not that we did not have them. But we feel that that is not adequate. After 49 years, and so many changes in the industrial policy, we have come to the conclusion that it is not possible to

[Shri P. V. Narasimha Rao]

go on with the old policy because it will not be useful in the years to come. This is not only because we find it difficult here; it is primarily because the whole world has changed; the old concepts have changed. And when the change takes place, no one can say that this change is absolutely correct while the other change is absolutely wrong. What is really required in this country and in the whole world, according to my humble opinion, is a management of the change. People are not able to manage the change. People are not able to assimilate the change. People are not able to change along with the requirement to change. There is a change in one area, but no change in another area. There is a change in industry, but no change in our own attitude to religion and society. There is a change in technology, but we are not in a position to change our own sense of thinking in so many other fields of activity, fields of life. So the change which comes in a lopsided manner in causing all the difficulties, all the complications of modern life. However, we have to think of our own policies and our own conditions. Madam, I remember, many economists have made a good comparison of the two systems that were grappling for supremacy in the world until recently. They found them totally different, of course. But, odd as it may seem, they are not diametrically opposite in all respects. The more meaningful aspect is that there are many areas of similarity in these seemingly opposite systems. One of the areas for which these seemingly opposite system were vying with each other is of efficiency. They compared the capitalist and the communist systems and said that the common area is that both are essentially efficient; each is trying to be more efficient than the other. Now, however that rivalry or race may have ended, the point is that perhaps what we lack today in this country and in the developing countries is efficiency.

6.00 p.m.

People say that there is a crisis of honesty in some countries. That may or may not be so, because that is something which is relative, which depends on the person. Therefore, we need not go into that area too deeply. But the crisis of efficiency is what is affecting the prosperity of the nations. The moment a nation becomes efficient, its prosperity immediately looks up. In fact, the development is not only a linear, but often in a geometric progression. Therefore, what is really the missing link today or the missing link between yesterday and today is efficiency. Efficiency in this world cannot come without an upgradation, a constant upgradation, of the methods by which we create wealth, in other words, technology. We know of steel plants which are running in this country, today, on technologies which are 25 or 30 years old. The per-ton cost of producing steel by using those technologies is horrendous. Neither can we afford it nor can we export it. It is just not possible to do anything with it. It is just a case of massive subsidies being given to inefficiency. That is, in effect, what is happening in this country. I remember, Shri Salveji when he was the Steel Minister, protesting to me for hours and hours on a particular steel plant. He said that this obsolete technology is going to sink the country. Whether this has happened or not, the question is that the quest for new technology is indispensable. I know that we cannot really go on with borrowed technology. I agree with Prof. Menon that this technology transfer is something for which we cannot depend on others interminably. We have to develop our own technology. I entirely endorse his view, that science has to be given a pride of place in this country. In fact, pure science, not even applied science, science *per se* has to take its pride of place in this country. This, I am afraid may not be happening to the extent that it should. We have to look into that because until our base

of science and research expands and deepens, it is not possible at all for us even to have the technology that we need. The technology that we take from other countries, does suit this country, at least in some cases. I have absolutely no doubt about that. As a farmer, I have yet to come across a tractor, for instance, which can be useful to the small farmers owning just about 2 or 3 acres of land. There is no tractor in this country which can be useful for them. An ideal tractor for a small farmer has not been produced in this country or anywhere in the world. I do not know whether it has happened in the last two or three years. But, I did not come across this five years ago. When I put this question to any number of manufacturers, our own manufacturers and the manufacturers abroad, they said, 'you are talking about something which we don't understand because all our farms are 2,000 acres, 4,000 acres, 5,000 acres. Why should we think of a small tractor?' Who is going to manufacture that small tractor? I am sure that no one from outside is going to give us this. We will have to do it here, by ourselves. If that is to happen, the base of our science and the base of this know—why has to be deep and strong. This is what we have to do in order to survive in the modern market. I am sure, that does not go counter to our policy. It is different matter that it has not been adumbrated in the policy. Perhaps, that is something which everybody expects and we will have to do something about it. I would like hon. Members to tell me what more could be done. What more can be done? I am sure, much more can be done. When we talk of efficiency and cost-effectiveness, we know that they are two sides of the same coin. You cannot be efficient unless you are cost-effective. For example, if a product produced by us here is going to cost more per unit than in another country, you are sunk. You cannot compete. You cannot protect your industry *ad nauseam*. You will have

to be competitive, competitive in every sense of the term, or, you build a wall around your country. Don't have anything to do with any other country. Sever relations and remain a stagnant society for all times to come. This, surely, nobody wants in this country. Therefore, you have to get yourself into the world economy, which the Soviet Union is trying to do today, which China is trying to do today, which other countries, after having run a particular system, are trying to do today. We have to understand that. There is so much of material available. Now, these countries are trying to get into a totally different system. We do not have that disadvantage. We do not have the handicap of the Soviet Union. They were a particular economy until yesterday. They have to dovetail themselves into another system today which is totally different. This is not the case with India. That is the great boon of mixed economy given to us by Pandit Jawaharlal Nehru. I might say, after reading some material, latest material, that the world, today, is looking to mixed economy. Again, there is a difference here. The Western countries are looking one way. The Eastern countries are looking in a different way. Japan, Korea, and other smaller countries like Taiwan, are looking in a different direction. It is not exactly the same. They are looking in a direction in which their cultural moorings are not severed by industrialisation. This is what Pandit Jawaharlal Nehru wanted us to do. He said 'Socialism is something of our own making. It emanates from our own genius'. It means that he did not want these moorings to be severed and he did not want the whole society to be alienated.

Therefore, we have to look to industrialisation of a pattern which is found in the East which is developing, and whose differences with the Western model are coming into greater and bolder relief as we go along. We will have to understand what we are doing

[Shri P. V. Narasimha Rao]

today. We are trying not to be completely alienated and, yet, we have to be competitive and in line with the latest trends in technology, the latest trends in industrialisation.

We are not really doing away with restrictions, in areas where restrictions are necessary. The list in regard to licensing is very clear. The items included are those that are covered by social or health reasons, environmental concerns, curb of elitist consumption. Now, these are the things which have something to do with our cultural moorings. We are not really opening more factories for lipstick, for instance. We are not likely to do that. We are not likely to give high priority to that. We are not likely to give high priority to things which we do not consider to be useful, or as deserving a high priority, in our society. I am sure, social compulsion, social climate, in this country, is going to assert itself somewhere and it will not allow these things. I am just giving you one example. But there are other examples in which the licensing policy...

SHRI S. JAIPAL REDDY: A very interesting and evocative example.

THE DEPUTY CHAIRMAN: Example only in regard to women, Mr. Prime Minister?

SHRI P. V. NARASIMHA RAO: I gave this example at a meeting, in a society, where lipstick happens to be a very high priority item. Just to show that it is high there and not high here, I gave that example.

So, Madam, we have to keep to our own moorings, and this is the kind of industrialisation we want. Whether it is public or private, it does not matter. We have seen public industries, public sector industries going down, and many more private industries also going down. No one knows where. We have public sector industries doing excellent work, exceedingly well in all respects. We have these examples in other countries as well as this country. One example

which comes to my mind right now is that of the Singapore Airlines. We all know about the Singapore Airlines, but we do not know that it is government-owned. The largest bank in Singapore—I do not know what the name of that bank is, and maybe Dr. Manmohan Singh would tell us—is government-owned. So, it is not as if complete privatisation is the answer to everything. Then we have seen many banks concerned with many big personalities, going bankrupt in other countries. The quintessence of private enterprise also is going down. So, again, as I said, it is not whether it is private or public that matters. What matters is the efficiency with which it is run, and that is why we have both here. We will continue to have both.

But what is the public sector going to do? Is it going to run hotels? Is it going to run showrooms? Is it going to run enterprises about which it need not worry itself? Rs. 65,000 crores have already been invested in the public sector. We are not getting returns which we expect. If you are not getting the returns, where are you going to get money from for further investment? Now that is a very practical question. There is nothing theoretical about it. You have to get it from somewhere. If you can get it from some public sector somewhere else in another country, I have no objection to that. I am prepared to go and ask them. But it so happens that we have to go into the open market. We have to go into the private sector. We have to encourage the private sector which again in Jawaharlal Nehru's concept of industrialisation, was not taboo. If he had been only for the public sector, he would have nationalised the entire agricultural industry. He did not do that. He knew that in this country it is the small farmer, the marginal farmer or the middle farmer who is the real annadata, and he has really to bring about the agricultural revolution, not by collectivisation but by individual enterprise. Collectivisation

will not work in this country. Individualism in the Indian character is so prominent that it will not be possible for such large collectives etc. to work successfully or profitably. So, he knew all about the Indian ethos and moulded all his industrialisation according to the Indian ethos. That is what I have understood from Nehru's industrialisation philosophy and in particular the mixed economy.

Now, Madam, if this efficiency has to be ensured, has to be constantly improved, what is the way out? The only way which suggest itself to any person with any amount of common sense, not even specialised knowledge, is that if there is any inhibition in improving this efficiency from any quarter, that inhibition should be removed. There may be many sources of inhibition. There are several kinds. It could be a bureaucratic bottleneck. It could be a set of rules, regulations, absolutely wooden in their approach, not taking into account the realities of the situation. It could be the need to take prior permissions, permits, licences and so on. It could be anything. But the result is that they act as inhibitions, what Mr. Gorbachev called as "internal braking system" in his book. If that braking system comes into operation, everything comes to a grinding halt. He said this about his system. It is not necessary that only his system should have this brake. In any system this braking might take place and that is how it comes to a grinding halt. These have to be removed. How is it against Nehru's policy? Did he ever say that this internal braking system is sacrosanct and it should remain all the time? In fact, it was not there when he conceived of the system. It came later. It was introduced by lesser people, who wanted to control it and not to help it develop. That was one side of the human nature which brought it, not the noble side which originated Nehru's idea of industrialisation. Therefore, this has to be curbed, this

has to be changed. This does not at all go against our policy and that is what we are doing in effect. I really do not want to bring in other countries and systems in other countries, but I would say that there is a complete fermentation of ideas all over the world. You read a new book and you feel what you had read yesterday seems to be wrong. You read it tomorrow. Then you will find that what you read today may be wrong. So, this complete fermentation is amazing, because all over the world people are thinking of the same thing—how to improve, how to develop, how to cope with the social cost that you have to pay in this industrialisation? Then, there are people whose notions go against industrialisation itself. There are societies in other countries, very advanced countries, which have shunned or rejected all modern amenities. They are living with nature. Now, all these things are going on at the same time. Therefore, we cannot be dogmatic about anything. We cannot say that this is the last word and, therefore, it has to be adhered to. If anyone thinks that the public sector or the private sector, either of them, is a holy cow I would say that the time of holy cows is over. It has to be something joint. It has to be something which has the better features of both. It has to be a kind of hybrid. There is no way that you stick to something which you call as pristine, pure and all that. You have to change and find out what policy really suits you today.

About intellectual property many hon. Members made a reference. There is a fear that India might not be taking a principled stand because of pressures from outside. I would like to remind the House that India has always been taking assistance from all quarters from wherever it comes. We have taken assistance from the West, we have taken assistance from the Soviet Union. But to neither side have we ever buckled under. That has been the track record of

[Shri P. V. Narasimha Rao]

this country. We are all proud of it and we know it. Why should there be any fear today? If we do not consider something right, we are not going to accept it merely because we take a loan from the IMF today. Somehow I am not able to reconcile with that fear. I do not think that it is a well-founded fear. It is true while we are negotiating, we will negotiate very hard, but ultimately we have to come to some point. Let us come before this House; let us discuss about it; let us debate. There is no question of doing anything behind the back of Parliament. Therefore, I would say that there should be no apprehension that India will be a party to a decision contrary and detrimental to her national interest. Whether it is the intellectual property or anything the very apprehension, I submit, is not well-founded. Now, I would like to say that the interests of the country and as far as possible the interests of the Third World, we have always kept in mind. We have always considered the Third World as deserving of a place in the sun, as they say. We have always fought for it. Rajivji's speech in the Non-Aligned summit of Belgrade went down as a classic. It has not been really implemented. Indeed no attempt has been made even to analyse it into implementable components. But that is for other reasons. It is not because it did not have the inherent value. It is a very valuable document. Apart from politics, I would request the Members to go through it and see whether that is not something like a Magna Carta for the future of the developing countries. From that came this idea of G-15. For the first time the G-15 has been formed to see what we can do about the developing countries, to help one another. The idea of the Third World we have not only accepted it, we have promoted it, we have developed it, we have taken it forward. That being India's track record, I do not see any reason why

anyone should think that we are going to buckle under.

Madam, something has been said about labour. It is a very valid question. We do not want our labour to suffer, our workers to suffer, no matter what our industrialisation policy is. At the same time, what is it we are really perpetuating by having an inefficient industry? Are we really promoting the interests of labour? My answer is, no. Unless industry flourishes, labour cannot flourish. It will be a 'dog in the manager policy' to say "Let there be no development, but my industry should remain in the sick stage in which it is found. Only the labourers should be paid and, therefore, there should be no improvement in it, nothing, even if necessary, if the industry is to be wound up." The new policy is very clear about these things. We will not allow the interests of the workers to suffer. Now, this is a bland statement. But we cannot make any further analysis than to say that this is our policy, this is our intention.

BIFR has been mentioned. Some body like BIFR has been mentioned and in every case we have to see whether sickness is of a kind which can be treated or a kind of which cannot be treated and if it cannot be treated, what is to be done to those who are likely to suffer as a result of the close down.

Exit policy has been the subject matter of many questions not only in Parliament but outside also. Now, what is an exit policy? Can you have something like *patthar ki lakir* in exit policy? How does the exit come? How does it arise? Those are the circumstances into which one has to go and only a body can go, an expert body can go. It will be the endeavour of that body as well as the Government to see that as a result of the exit, whatever that might mean, the close-down of an industry will not result in distress to the wor-

kers. For this, the National Renewable Fund, etc., has been adumbrated. It is a new idea. I do not know, at least, in this country it seems to be new. Maybe in some other country it is being experimented already. It is not only welfare measure, it is a measure again to increase the efficiency of the workers, to retain them, to upgrade their skills, to make them fit for some other industry or industry of an allied kind so that they will not be found wanting in those skills and would not become super-numerary. Doles are not going to help us. Doles are not going to really improve industry. What can help the industry is the redeployment of the industrial force, if particular industries have to be closed down or upgraded. If it is upgraded, we have to start so many training programmes in upgradation also. Therefore, these are all programmes which will go hand in hand and that is what the Policy has said. It is a coordinated approach to all these problems.

I agree with Prof. Menon that in all this, at the root of all this, lies the development of human resources in this country. Education was considered a social service some time back. It was considered a non-productive unproductive activity. That is how it was classified even in our documents of planning. For the first time in the 1968 policy, we have taken education not only as a social service but also as a component of development. This time, in 1986, we have taken education not only as a component of development but also as a corrective to social inequality. Now, this is the real place which education holds today. I do not think there can be any higher place to education than what has been given in our New Education Policy. It is not just education. It is the holistic development of the individual and that is why this is human resource development. For the first time, this concept has come and all the activities connected with any of the com-

ponents of human resource development have been brought together under one roof, under one ministry. It is not just the ministry that is important. The concept is more important.

I wish that this concept permeates our society and all activities in our society. Only then the importance of human resource development will be appreciated, will be acted upon. I entirely agree that at the root of all this industrialisation will have to be a massive programme of human resource development and I am sure that we will attend to it. We shall consider the linkages necessary from time to time.

Something was said about small, tiny and cottage industries. Now, there is no question of any of these industries being submerged by heavy industries or big industries or generally, the industrialisation. On that aspect also, we have brought out a policy statement. And that document has been placed on the Table of the House although we have had no time to discuss it in detail. I am sure, we will discuss it shortly. It has clearly brought out the importance of these industries and has given a commitment to these industries that they will not be allowed to be gobbled by other sectors of the industry. In fact, they will get a shot in the arm by the industrialisation in general and will be given full protection to flourish within their own areas of activity. All these things have come in the other document.

The last point which I would like to emphasise is of self-reliance. We have not deviated from the path of self-reliance. I would like to reiterate it because it is necessary to realise that in a country of this size, dimension and complexity, nothing but self-reliance will work. It is like an elephant. The elephant should always stand on its own legs. Once it falls down, no one can lift it. Even if you bring another elephant, it would not be able to lift this elephant.

[Shri P. V. Narasimha Rao]

You can lift small countries. You can lift countries with no big problems. But you cannot lift a society of this size, of this dimension, once it falls. Therefore, it is absolutely important and Pandit Nehru made it absolutely clear time and again that ever if we have to stick to a technology which is not very high at the moment, we have to be self-reliant. Therefore, ideas are welcome, but ideas also have to come along with at least some type of technology which makes us self-generating in further technology. That self-generating stage has to be reached and therefore, self-reliance is our *mantra*, *moola mantra*, if I may call it so. There can be nothing like relying on any other country or any other society. These are the important aspects of the Policy. We could go into individual aspects, individual items of the Policy. We can have discussion. But it is quite clear to me that what is really intended by the new Policy is growth; what is intended by the new Policy is technological upgradation, constant upgradation, being competitive, being able to survive in a world which is highly competitive and there is no mercy shown to any one who is inefficient in this world whether he is an individual or an industry or any other entrepreneur. This is the thrust of the Policy, Madam, and I am sure the House will appreciate this.

THE DEPUTY CHAIRMAN: Now, the Finance Minister is here. (*Interruption*).

SHRI MURLIDHAR CHANDRA-KANT BHANDARE: Madam, may I suggest that we do our primary job first and deal with the two Bills? (*Interruptions*).

THE DEPUTY CHAIRMAN: I am saying that. I am suggesting that only that though the Finance Minister is here with his statement ready and the Home Minister also informed me that he has got two statements

which the House wanted—one about Pilibhit and another about the arrest of one of our Members in Andhra—I would request the Members that we should first take up the Bills and pass them and then we can discuss them. I will first take up the Statutory Resolution seeking disapproval of the Delhi Municipal Laws (Amendment) Ordinance, 1991, (No. 1 of 1991) promulgated by the President on the 30th March, 1991. Shri S. S. Ahluwalia to move the following Resolution. He is not here. (*Interruptions*).

SHRI SHANKAR DAYAL SINGH (Bihar): Please invite him. We are ready to support him. (*Interruptions*).

THE DEPUTY CHAIRMAN: He is not here. (*Interruptions*).

SHRI SHANKAR DAYAL SINGH: Madam, they have asked him to go outside the House. (*Interruptions*).

THE DEPUTY CHAIRMAN: The Resolution cannot be moved in absentia. The hon. Member is not here. Now I will ask Mr. M. M. Jacob to move his Bill. (*Interruptions*).

श्री शंकर दयाल सिंह : महोदया, यह बड़ा गंभीर मामला है कि एक मुखर सदस्य का मुंह बिल्कुल बंद कर दिया जाए। मैं प्रधान मंत्री जी से अनुरोध करूंगा कि ये रक्षा करें सदन की। एक मुखर सदस्य का मुंह इस तरह से बंद करना लोकतंत्र के ऊपर आघात है। मैं कांग्रेस के सदस्यों से कहूंगा कि ... (व्यवधान) ...

THE DEPUTY CHAIRMAN: Order please. Let us listen to Mr. Jacob who is piloting the Bill, I think, for the first time, in this House. Let us be happy about this fact that he is a Minister from our House.