

PAPERS LAID ON THE TABLE**THE UNION PUBLIC SERVICE COMMISSION
(EXEMPTION FROM CONSULTATION) AMEND-
MENT REGULATIONS 1973 AND
EXPLANATORY NOTE THEREON**

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS AND IN THE DEPARTMENT OF PERSONNEL (SHRI RAM NIWAS MIRDHA): Sir, I beg to lay on the Table, under clause (5) of article 320 of the Constitution a Copy (in English and Hindi") of the Cabinet Secretariat (Department of Personnel) Notification G.S.R. No 168, dated the 12th February, 1973. publishing the Union Public Service Commission (Exemption from Consultation) Amendment Regulations, 1973, together with an Explanatory Note thereon. [Placed in Library, See No. LT-4403/73]

**FIFTH ANNUAL REPORT AND ACCOUNTS
1971-72) OF THE ELECTRONICS CORPORA-
TION OF INDIA LIMITED AND RELATED
PAPERS**

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI K.C. PANT): Sir, I beg to lay on the Table, under sub-section (1) of section 619A of the Companies Act, 1956, a copy each (in English and Hindi) of the following papers :—

(i) Fifth Annual Report and Accounts of the Electronics Corporation of India Limited, for the year 1971-72, together with the Auditors' Report on the Accounts and the comments of the Comptroller and Auditor General of India thereon.

(ii) Review by Government on the working of the Corporation.

[Placed in Library. For (i) and (ii) See No. LT-4405/73].

**STATISTICAL INFORMATION
REGARDING WORKING OF THE MAINTENANCE
OF INTERNAL SECURITY ACT, 1971**

THE DEPUTY MINISTER IN THE MINISTRY OF HOME AFFAIRS (SHRI F-H. MOHSIN): Sir, I beg to lay on the Table a copy (in English and Hindi) of the statistical information regarding the working of the Maintenance of Internal Security Act 1971, during the period 7th May, 1971 to 30th June, 1972 [Placed in Library. See No. LT-4404/73]

**STATEMENT SHOWING ACTION TAKEN ON
RECOMMENDATIONS CONTAINED IN PART II
AND III OF THE REPORT OF THE COMMITTEE
ON BROADCASTING AND INFORMATION
MEDIA ON CO-ORDINATION OF MEDIA OF
MASS COMMUNICATION**

THE DEPUTY MINISTER IN THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI DHARAM BIR SINHA) : Sir, I beg to lay on the Table a copy (in English and Hindi) of the Statement showing the action taken on the recommendations contained in Parts II and III of the Report of the Committee on Broadcasting and Information Media on Co-ordination of Media of Mass Communication thereon. [Placed in Library. See No. LT-4406/73]

**CALLING ATTENTION TO A
MATTER OF URGENT PUBLIC
IMPORTANCE**

UNRESTRICTED EXPORT OF RAW HIDES AND SKINS LEADING TO NON-AVAILABILITY OF UPPER LEATHER AND LINING LEATHER, CAUSING SERIOUS CRISIS IN SMALL SCALE FOOTWEAR INDUSTRY [MR. DEPUTY CHAIRMAN in the Chair]

श्री ओउम् प्रकाश त्यागी (उत्तर प्रदेश) :
श्रीमान्, मैं अपरिष्कृत खाल तथा चमड़े के
निर्बाध निर्यात के कारण ऊपर के चमड़े तथा
अस्तर के चमड़े के उपलब्ध न होने और इसके
परिणामस्वरूप जूते बनाने के लघु उद्योग
में उत्पन्न हुए गंभीर संकट की ओर वाणिज्य
मंत्री का ध्यान दिलाता हूँ।

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI A.C. GEORGE) : Mr. Deputy Chairman, Sir, it is correct that the footwear and leather goods manufacturing industry, particularly in the small scale sector, was experiencing a difficult situation because of shortage in the supplies of, and increase in the prices of, leather required by them, this happened on account of unprecedented rise in the price of leather in the international market and the consequent increase in exports of semi-processed hides and skins and other categories of leather from the country. Exports of semi-processed hides and skins and finished leather during the year 1971-72 were of the order of Rs. 90

crores, but during the current year, they have registered a steep rise and are expected to touch a figure of about Rs. 150 crores. While the increase in export earnings apparently may be welcome, this had created a situation of scarcity and increase in prices of the raw material required by the indigenous footwear and leather goods industry.

Government are fully seized of the problem and have taken steps to meet the situation.

It has been decided to regulate the export of semi-processed hide and skins and gradually to reduce them and to shift the emphasis to the export of finished leather and leather goods to realise more unit value and for increased employment.

With a view to effective and disciplined implementation of this policy and providing an institutional framework¹ for making the desired changes in the pattern of export trade in leather the export of semi-processed hides and skins has been - canalised through State Trading Corporation with effect from 14th December, 1972.

Also, it has been decided to impose a quota system for export of this commodity with effect from 1st April, 1973. The objective is to reduce the exports of semi-processed hides and skins over the next five years to a level equal to 25% of the level reached in 1971-72. This process will be accompanied by a massive effort to develop industrial infrastructure for establishing finished leather and leather goods manufacturing industry in the country.

Government are considering a proposal to set up a new Corporation in the public sector to be called the Leather Export Development Corporation which will, among other things, strive to strengthen and diversify the export sector of industry and improve its export performance. Promotion of the interests of footwear and leather goods manufacturers will be one of its special concerns.

In addition to these long-term measures, Government are alive to the need for immediate steps to mitigate the hardship of the industry and smooth transition in the small scale sector. For this, a scheme for giving financial assistance to exporters of footwear is under Government's considera-

tion. A decision is to be taken shortly. Government are also considering the possibility of arranging supplies of leather required by this industry in adequate quantities and at a fair price.

श्री ओम् प्रकाश त्यागी : उपसभापति महोदय, हमारी गवर्नमेंट की अदूरदर्शिता और विदेशी मुद्रा के पीछे पागलपन से आज दो बर्ग खतरे में आ गए हैं जो इस देश के लिए बहुत चिन्ता का विषय है। हमारे देश में एक पिछड़ा बर्ग है हरिजन नाम का जिनके एकमात्र धन्य चर्म का, चमड़ा बनाने का, जूता बनाने का ही है, और कोई दूसरा काम उन बेचारों को मिला नहीं। ब्राजील और अर्जेंटीना इन दो देशों ने 1 जनवरी 72 से अपने यहां से खाल का निर्यात बन्द कर दिया। तब से अन्तर्राष्ट्रीय व्यापार में तमाम संसार भर के देश भारत की ओर निगाह करके भागे और यहां चमड़े का भाव एकदम से तेज हो गया। हमारी सरकार ने अपने लघु उद्योग की उपेक्षा करके, यहां के लोगों का ध्यान किए बगैर चमड़े का निर्यात करना प्रारम्भ कर दिया और उस निर्यात का परिणाम यह हुआ कि आज स्थिति यह है कि 72 में जो गाय के चमड़े की कीमत 35 रु० थी, बकरी के चमड़े की कीमत 10 रु० थी आज गाय के चमड़े की कीमत सन् 73 में 65 रुपए और बकरी के चमड़े की कीमत 23 रुपए है और उसका परिणाम यह हुआ है कि जहां हरिजन बर्ग और लघु उद्योग खतरे में आया है, वहां पशु धन भी तेजी के साथ खतरे में आ गया है। आज स्थिति यह है कि लाखों जानवर रोज मारा जा रहा है। आज एक गाय की कीमत उतनी नहीं है जितनी कि उसके चमड़े की क्योंकि ड्राउट एरिया में गाय 20-25 रु० में मिल जाती है और लोग गाय के सोंग में कागज बांध कर छोड़ देते हैं, जिसे मिले ले जाय आज लाखों जानवरों का कत्ल हो रहा है केवल खाल के लिए। इसका परिणाम क्या हुआ है। मैं आपको बताना चाहूंगा कि आगरे के श्री के० एल० मेहता, चेयरमैन आफ फुटवियर एक्सपोर्टर्स फेडरेशन आफ इंडिया

[श्री ओम् प्रकाश त्यागी]

ने 3-12-72 को एक वक्तव्य देते हुए कहा प्रेस कान्फ्रेंस में कि जो 8 लाख जूतों का रक्षा से आर्डर आया है हम उसको पूरा नहीं करेंगे क्योंकि जूतों के दाम फी जूता 7 रुपए बढ़ गए हैं, इसलिए अगर गवर्नमेंट सबसिडी नहीं देगी तो वह आर्डर सप्लाई नहीं किया जाएगा। स्थिति यह हो गई है कि 5 लाख जूतों का आर्डर रक्षा ने दिया था, गवर्नमेंट ने उसको इन्कार कर दिया। मैं आपको स्थिति बता रहा हूँ। स्थिति यह हो गई है कि हमारी सरकार खाल बेचने के पक्ष में इतनी ज्यादा है कि 44 लाख जूते रक्षा मंगता है और हमारी सरकार केवल 10 लाख सप्लाई कर रही है। अगर हम यहां से चमड़ा का जूता और दूसरा सामान बना कर भेजें तो हमारे देश को ज्यादा लाभ हो सकता था। अभी कुछ दिन पहले हमारी गवर्नमेंट ने यह निर्णय किया था कि चमड़े का व्यापार एस० टी० सी० के द्वारा करेंगे। 14 दिसम्बर, 72 को चीफ कन्ट्रोलर आफ इम्पोर्ट्स एंड एक्सपोर्ट्स के नाम गवर्नमेंट ने एक नोटिफिकेशन जारी किया था जिसके द्वारा यह कहा गया था कि अर्द्ध-तैयार और तैयार चमड़े का निर्यात आज के बाद स्टेट ट्रेडिंग कारपोरेशन करेगा, परन्तु उस फैसले के बाद भी आपने 31 मार्च तक निर्यात करने का मौका दिया है। मैं जानना चाहता हूँ कि उस नोटिफिकेशन के बाद यह आर्डर आपने क्यों दिया है निर्यातकों के प्रभाव में आकर? मैं आपसे कुछ स्पेसिफिक क्वेश्चन्स करना चाहता हूँ और उनके जवाब चाहता हूँ। पहला प्रश्न यह है कि भारत सरकार अन्तर्राष्ट्रीय परिस्थिति का लाभ उठा कर खाल और चमड़े का निर्यात करने के बजाय जूतों और चमड़े के सामान को बेचने का प्रयत्न क्यों नहीं करती? क्या कारण है कि वह ऐसा नहीं करती और चमड़ा भेजती है? दूसरा मेरा प्रश्न यह है कि क्या सरकार ई आई टेन्ड और क्रोम टेन्ड हाइड्स पर 10 प्रतिशत एक्सपोर्ट

ड्यूटी लगाने का इरादा रखती है और यदि नहीं तो क्यों?

तीसरा प्रश्न मेरा यह है कि क्या यह सच है कि बड़े बड़े निर्यातकों के दबाव में आकर हमारी सरकार ने लाखों लोगों को बेकार कर दिया है और यह खाल का व्यापार चलाया है?

मेरा चौथा सवाल है।

श्री उप-सभापति : अब आप कितने सवाल पूछेंगे?

श्री ओम् प्रकाश त्यागी : उपसभापति महोदय, सवाल तो एक ही है, इनकी सहाय्य के लिए मैंने उसके अनेक अंग बना दिए हैं। उपसभापति महोदय, एक एक सवाल पर 15-15 मिनट लोग ले जाते हैं और यह तो काल अटेंशन है।

श्री उप-सभापति : यही तो मुसीबत है, अब आप भी पन्द्रह मिनट लेने लग गए हैं। आप सवाल ही पूछ लीजिए।

श्री ओम् प्रकाश त्यागी : अंतिम सवाल मेरा यह है कि जो आपने एस० टी० सी० को आर्डर दिया था उस आर्डर को आपने क्यों कैंसिल कर दिया, या आपने 31 मार्च तक की वृद्धि उसको क्यों दी, यह मैं जानना चाहूंगा।

SHRI A. C. GEORGE: Sir, I fully agree with the hon. Member that this is a subject which vitally concerns the weaker sections of the society in the sense that predominantly Harijans and other backward classes are engaged in the manufacture or in the making of leather footwear, and this is a raw material which is needed for them. So, any increase in the price or any scarcity of the raw material will immediately affect them. I may request the hon. Member to look back into the statement which I made just now. We have taken very effective steps.

On 14-12-1972 we decided to canalise the export of semi-finished hides and skins and this has been done so that the Government may have an effective control and a better discipline on the export of this item. The hon. Member will kindly bear in mind that this is an item the export of

which in 1971-72 was to the tune of 84 crores. Overnight this cannot be made into finished leather. I agree with the hon. Member that the unit value realisation will be higher if the semi-finished leather is converted into finished leather. Even in footwear, the realisation will be 2:3. The unit value will be raised by 50%. So, it is the intention of the Government to process this further to finished leather or to leather goods, but this cannot be done overnight. That is why we have begun a transitional scheme. From 1-4-1973 we will be implementing a quota system. In January, 1973—two months back—we have completely banned the export of raw hides and skins. So, that impression, if it is in the mind of the hon. Member, may kindly be dispelled. We are allowing only semi-finished leather and even in the case of semi-finished leather, our intention is to send it finished or as leather goods. And it is with that intention that during the course of the next five years we have a programme of reducing the semi-finished leather export by 75 per cent. At the end of the five years the level of export of semi-finished leather will be only 25% of the level which was attained in 1971-72. So, I may humbly request the hon. Member to understand that we are taking effective measures but this cannot be implemented overnight and it has to be a smooth transition.

Then he mentioned about the duty on chrome leather or semi-finished leather, I may not be able at this moment to give the precise figure of the duty or the cess that is proposed to be given, but I may assure you that we are definitely for paying the cess on semi-finished goods or the raw material and giving incentive to finished leather. So, it will serve the dual purpose of being a disincentive to the semi-finished leather and an incentive to the finished leather.

SHRI KALYAN ROY (West Bengal) : I do not know whether the Minister is aware that there is a big racket in this export and a serious crisis has gripped the entire country, particularly West Bengal where over 95% of the tanneries employing nearly 11 lakh workers are closed. I will give the figures. Out of 250 tanneries

around Calcutta, 200 are on the verge of closure or have been closed.

And that is because of the reckless export of raw hides and skins without keeping anything at all for domestic use. That racket is led by a particular man who is very familiar to the Minister, Mr. Chatterjee. That is Mr. Sanjay Sen. Mr. Sanjay Sen is the chief villain of the piece who has closed his own one of the biggest tanneries in this country. That is the National Tannery in Calcutta. That has the most sophisticated machinery, the best of the equipment but that is not being used, rather he is getting a huge commission through dubious methods by exporting the raw hides and skins, which is particularly injurious to the economy, to the foreign exchange and to everything in this country. My first question would be what steps the State Trading Corporation are taking to reserve a percentage of raw hides and skins and tanned leather for the domestic use. That I think would be about 10 to 15 per cent. What steps are being taken to supply the hides and skins to the tanneries which have been closed down due to lack of raw materials. Do not look so surprised and so agitated. Then, what are the steps being taken against the lobby which is working around the Parliament for more export of raw hides and skins to foreign countries and what are the steps are being taken for the Shamti Niketan Leather Industry in West Bengal where about 12,000 workers have been unemployed? My last question is : What are the steps being taken to open the factory of National Tanneries which is the biggest national tannery, which is owned by Mr. Sanjay Sen, who is the chief villain of the piece?

SHRI A. C. GEORGE : Sir, I am not aware of the villain or the hero of the piece but I can answer the most important question put by the hon. Member. He was asking me as to what steps we are taking against the lobbies who are trying to promote or increase the export of raw hides and skins. My reply is and our reply to that lobby is, or the measure that we have taken is that we have banned the export of hides and skins.

SHRI MONORANJAN ROY (West Bengal) : What about semi-finished.

SHRI A. C. GEORGE : There are three steps of it. There are three steps to this closure, *i.e.* raw hides and skins, semi-finished leather and finished leather. In fact, I may say that there is a fourth step also and that is the leather goods. Export of raw hides and skins has been completely banned. We are putting a quota for semi-hides and skins because this is an item which last year has earned us about Rs. 84 crores; it cannot be stopped overnight. There has to be a transaction; otherwise the entire economy will be up set. We are trying to build an infrastructure so that the semi-finished will be converted into finished and the finished will be converted into leather goods. This is a process which I promise the august House, will be expedited but it cannot be done overnight. About the particular person to whom he was referring, I may not like to comment. ^ We can only take action against wrong moves made by whatever lobbies. If some lobby is trying to create some mischief, we will prevent that mischief definitely. I am rather aggrieved to know that some of the tanneries in West Bengal are not getting enough raw material. Once we have taken the step of banning the export of hides and skins, I am wondering how this can happen.

SHRI PREM MANQHAR (Uttar Pradesh) : It is happening in the semi-finished leather.

श्री मान सिंह वर्मा (उत्तर प्रदेश) :
माननीय मंत्री जी नहीं जानते हैं कि आधे पके हुए चमड़े के बहाने से वे कच्चा माल भेज रहे हैं और उसको इस प्रकार से शो करते हैं कि वह सेमी-प्रासेस्ड है।

SHRI A. C. GEORGE : Anyway, to sum up I may inform the hon. Member that we have taken steps in regard...

SHRI KALYAN ROY : Sir, I asked a specific question. Out of the 250 tanneries around Calcutta 200 have been closed resulting in unemployment of over one lakh workers. The Shantiniketan Leather Industry has been closed down about which Mr. Pranab Kumar Mitfcherjee held a Press conference. Mr. Sanjay Sen has closed down the biggest tannery in the country, the National Tannery. What steps is he taking

about these ? Mr. George does not seem to know about it or he pretends he does not know.

SHRI A. C. GEORGE : I am not pretending I do not know.

SHRI KALYAN ROY : My specific allegation is this. Is it not a fact that Mr. Sanjay Sen, who is the villain of the piece, is a friend of the Minister of Commerce, Prof. Debiprasad Chattopadhyaya ? What has he to say about it ? I presume he is aware of the fact that...

MR. DEPUTY CHAIRMAN: That is all right. I am calling Mr. Chinai.

SHRI BABUBHAI M. CHINAI (Maharashtra) : While it is true that there has been inordinate rise in the price of semi-processed hides and skins causing difficulties to the footwear industry it is at the same time also true that the Ministry has not only failed to take immediate action but also it did not anticipate what was likely to happen. Is it not a fact that the decision to canalise the exports of semi-processed hides and skins from 14th December was taken without any preparation whatsoever and is now the subject-matter of judicial dispute ? Had the Ministry possessed any commercial intelligence it would have known that the prices of semiprocessed hides and skins abroad had started rising since the middle of 1972. and...

MR. DEPUTY CHAIRMAN: Mr. Chinai, you will have to be brief.

SHRI BABUBHAI M. CHINAI : An *ad valorem* levy would have partially discouraged exports and also helped to bring down the prices but this was not done. Instead canalisation was resorted to.

Another point is about the Report of the Committee on the Development of Leather and Leather Manufactures for export under the chairmanship of Dr. Sitaramayya. That Committee recommended a levy of export duty to be used for subsidising the footwear industry but that recommendation was not accepted by the Ministry and now we are faced with a situation where on the one hand the export of finished leather is suffering because of high prices of raw materials and on the other new difficulties have cropped up in the exports of semi-processed hides and skins because of canalisation.

May I know from the hon. Minister whether all these factors have been taken care of and if so what is the answer of the hon. Minister ?

SHRI A. C. GEORGE : At the very outset I would like to say that we have accepted all the important suggestions by the Dr. Sitaramayya Committee and I assure the House that quite soon, though I may not be able to indicate the exact quantum, we are to impose a duty on export. We have also a programme to bring down the export of semi-finished leather in a phased manner in the next five years to one-fourth of the present level. I would like to inform the hon. Member that this is an industry where we have to build up the infrastructure and we are taking steps in the sense that a Leather Export Development Corporation is on the anvil.

SHRI A. K. REFAYE (Tamil Nadu) : The value of export of finished leather and leather goods from our country is about Rs. 150 crores a year. But the bulk of our export is semi-tanned skins and hides. Usually these varieties are purchased by international customers.

Now in the world market India is facing keen competition specially from China and Pakistan. If our exports do not maintain the present tempo, there is a likelihood that India may lose its foreign market and it will be difficult to regain those markets at a later date.

MR. DEPUTY CHAIRMAN : You must ask for clarification and not read out some thing.

SHRI A. K. REFAYE : Besides, the kind of leather that is required in the international market forms only a fraction of the semi-tanned leather that is exported. Millions of workers are engaged in tanning leather meant for export. If any curbs are put on those export varieties, thousands of workers will go out of employment besides losing valuable foreign exchange.

In view of these facts, will the hon. Minister assure the House that the present tempo of export of tanned and semi-tanned leather, which are not required internally, will be maintained and further incentives will be given to this trade to capture more world markets ?

SHRI A. C. GEORGE : Sir, I will have to completely disagree with the hon. Member. It is against the tenor of the demands in the House and also against the interests of the country. Though we do not want to disrupt suddenly the trade channels of semi-finished leather it is the intention of the Government of India and it is in the interest of the country to export more of finished leather and footwear because as I explained the unitwise ratio is 2 to 3. We have to build the infrastructure for the finished leather industry and at the same time reduce the export of semi-finished leather so that there is no serious dislocation in the present arrangements. All these factors are taken into consideration.

STATEMENT RE-ACTION TAKEN IN THE CASE, OF VARIOUS LAPSE OF SECURITY WHICH RESULTED IN THREE STOWAWAYS BOARDING AN AIR-INDIA FLIGHT FROM BOMBAY ON 3RD MARCH. 1973

THE MINISTER OF TOURISM AND CIVIL AVIATION (DR. KARAN SINGH) : Sir the Hon'ble Members were rightly perturbed at the serious lapse of security which resulted in three stowaways boarding an Air-India flight from Bombay on 3rd March. The following action has been taken in the matter :—

(i) Air-India has placed the Airport Manager, Santa Cruz, the entire cabin crew of seven, the Duty Officer and four Traffic Assistants handling the flight under suspension. The Assistant Security Officer has also been suspended.

(ii) The International Airports Authority has suspended the Terminal Manager concerned.

(iii) The Maharashtra Government has been requested to take appropriate action against its security staff concerned.

(iv) A Judge of the Bombay High Court is being appointed under the Commission of Enquiries Act to enquire into all aspects of this incident. Further necessary action will be taken after his report has been received.