

Codification of General Rules relating to Multi-National Corporations

*547. SHRI H. S. NARASIAH: Will the Minister of EXTERNAL AFFAIRS be pleased to state :

(a) whether many developing countries including India have urged codification of general rules that could be applied to the operations of transnational or multinational corporations; and

(b) what action U.N. Commission on the Transnational Corporation has taken on the demand for such codification ?

THE DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI BIPINPAL DAS): (a) Yes, Sir. India, together with other developing countries, has supported the proposal for the formulation of a code of conduct dealing with transnational corporations and to be applicable to both home and host countries.

(b) At its Second Session in March 1976, the UN Commission on the transnational corporation decided to give first priority to formulation of the code of conduct and to establish an Intergovernmental Working Group to prepare a draft code under the guidance of the Commission.

SHRI H. S. NARASIAH : For the Intergovernmental Working Group, has India submitted any draft code ? Can he give a copy of that draft, or some salient features of the draft ?

SHRI BIPINPAL DAS: I can only outline our approach to this question of multinational corporations. I cannot give you a copy of the draft. Some suggestions have been made for the Intergovernmental Working Group. Our approach to this question is like this.

First of all, we support this proposal for formulation of a code of conduct dealing with transnational corporations. Then, we have said that it should cover both the home and the host Governments. We have also stated that in such matters India's policy

is to decide such cases by reference to competent authorities of host countries, and not by reference to any international arbitration, etc. India, as you know, has a very elaborate legal and administrative framework for regulating the activities of transnational corporations in conformity with our national priorities. Sir, so far these transnational corporations are concerned, we want to allow them only in selected fields as a vehicle for the transfer of technology and on terms approved by the host countries. These are the general outlines of the approach that we have suggested to the Working Group.

SHRI H. S. NARASIAH: I would like to know whether these widespread malpractices including bribery indulged in by these transnational corporations, which are at present rocking Japan and Italy, are also detectable on the Indian soil and, if so detected, what action has been taken and, if not detected, whether the Ministry will constitute a group to study the activities of these multi-national corporations in India.

SHRI BIPINPAL DAS: Sir, I cannot give any concrete information about this. If the hon. Member puts a separate question, I can certainly collect the information.

SHRI KALI MUKHERJEE: Are the Minister and the Government aware of the fact that the multi-national corporations functioning in the various developing countries, are in league with the monopoly houses and monopoly business and, therefore, they are a great danger to all the developing countries, the third world and particularly India ? What steps are they taking to stop them from indulging in malpractices or to stop them at all ?

SHRI BIPINPAL DAS : This is an international problem. I may inform the hon Member that at the instance of ECOSOC this question was taken up by the U.N Secretary General. He appointed a group of experts to go into the whole question. This group of experts was headed by Shri L. K. Jha who is at present our Governor of Jammu and Kashmir and who was our Ambassador to the U.S.A. at that time. This group has some recommendations

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These recommendations have been accepted by the ECOSOC. Some actions have been taken. Commission has been formed. They have formed a working group also. All these steps have been taken, because this problem is not merely a national problem or the problem of a few countries, but it has become an international problem. The whole problem has been taken up at the international level.

SHRI SARDAR AMJAD ALI : I had the opportunity to see the Jha Commission's report on the transnational and multinational corporations' activities. One of the recommendations of this Commission is that the multi-national or transnational corporations should not be allowed to interfere with the political activities of the host countries. If they do that, then the home government will have to take certain action. Similarly, the host country will also take some severe action against them. This is the recommendation. In the light of that recommendation, may I know from the hon. Minister whether our Government is taking a decision in this regard about taking severe action against any multinational and transnational corporation interfering with the political or social or economic activities of the country? If you have found any such corporation acting like that, have you taken any such action?

SHRI BIPINPAL DAS : This is a very serious matter. What the hon. Member says is quite true. That was one of the important points which was emphasised by the Jha Committee. There is no doubt about it. As I have said, the problem is going to be tackled at the international level and a code of conduct is going to be formulated. We hope that the code of conduct will be finalised by 1978. Before that, any specific action by any country may be taken, but it may not be very effective. That is why we are waiting for the formulation of the code of conduct which will be applicable to both the home governments and the host governments.

Opening of Closed Units in Private Sector

***548. SHRI SANAT KUMAR RAHA :** Will the Minister of LABOUR be pleased to state :

(a) whether it is a fact that units belonging to Jaipurias (Kanpur) Jalan (Bombay), Bharat Barrels, Western India Spinning and Kapadia's have not been opened despite directives of the National Apex Body; and

(b) if so, what action Government propose to take in the matter.

THE MINISTER OF LABOUR (SHRI K. V. RAGHUNATHA REDDY) : (a) and (b) A statement is laid on the Table of the House.

Statement

Opening of closed units in Private Sector

At the 6th meeting of the National Apex Body held on January 10, 1976 the following resolution was passed :—

"The National Apex Body at its very first meeting expressed its anxiety over the wide-spread lay-off, retrenchment, closure, lockout, strike, go-slow, work to rule, etc. in the country. The N.A.B. decided that there shall be no unilateral lay-off or retrenchment or closure. It was decided that bona fide lay-offs, retrenchments, closures, will have to be treated differently from other kinds of lay-off or retrenchment or closure.

"2. At the 6th meeting of the National Apex Body when the position relating to lay-off, retrenchment or closure was reviewed, the body felt that the progress was not wholly satisfactory in certain areas. The N.A.B., therefore, decided to set up a compact bipartite committee consisting of 3 representatives from each side to go into the cases of lay-off, retrenchment and closure and to recommend appropriate action where it is convinced after proper enquiry that such lay-off, retrenchment, closure is not bona fide.

"3. The specific cases brought up before this body at its meeting today