

MR. DEPUTY SPEAKER: Only those Member who have been allowed to make statements under Rule 377 alone can raise the matter now.

SHRI G. MADE GOWDA: Sir, I have given notice. Kindly spare me only one minute.

MR. DEPUTY SPEAKER: It is not allowed.

SHRI G. MADE GOWDA: I would like to raise an urgent matter regarding the status of sugar - cane growers Karnataka State. (Interruptions)*

SHRI SHARED DIGHE (Bombay North Central): It cannot be allowed under the Rules. (Interruptions)*

MR. DEPUTY SPEAKER: This is by-passing the Rules. It is violation of the Rules. We have to follow the Rules.

14.34 hrs.

STATUTORY RESOLUTION RE: DISAPPROVAL OF MONOLIES AND RESTRICTIVE POL TRADE PRACTICES (AMENDMENT) ORDINANCE AND MONOPOLIES AND RESTRICTIVE TRADE PRACTICES (AMENDMENT) BILL

[English]

MR. DEPUTY SPEAKER: The House shall now take up further discussion on the Statutory Resolution regarding the disapproval of the Monopolies and Restrictive Trade practices (Amendment) Ordinance and further consideration of the Monopolies and Restrictive Trade pracyices (Amendment) Bill. Shri Murli Deora.

SHRI MURLI DEORA (Bombay South): Sir, I rise to support the Bill further to amend the Monopolies and Restrictive Trade Practices Act, moved by the hon. Minister.

The basic philosophy behind the MRTTP Act was not to inhibit industrial growth in any manner; but to ensure that such growth is channelised for the public good. It is not instrumental in perpetuating the concentration of economic power to the common detriment. This was the basic philosophy behind it

If we see the record of the last 22 year, I do not think there will be one person anywhere in India who will claim that even one per cent of the ideology, for which this was established, has been really achieved.

I must congratulate the Government that instead of dilly-dallying with this Bill, Earlier the ceiling was Rs. 20 crore. Then, it was raised to Rs.100 crore. And there was a move that it should be raised further even to Rs. 1000 crore. So, they have taken away the monetary ceiling on it. What they have got is 25 per cent of the market share of the goods produced. This is the right criterion.

Unfortunately some of my Leftist friends are not here.

SHRI CHITTA BASU (Barasat): I am here.

SHRI MURLI DEORA: It is good that you are here. I was only waiting for you. Even in countries like USA, there are anti-trust laws. Even in countries like Europe and western Europe, there are laws which protect the consumers. it is right that the Government has brought this Bill now because the Government promised in section 4 of the Industrial Policy Resolution that they will be coming before this House to amend the MRTTP Bill.

What has really gone wrong with the present MRTP Bill? Mr. Basu, I want to give two small examples to the Hon Minister. The Hon Steel Minister is here. TISCO the so-called MRTP company, the largest public limited company in India - is the largest house of Tatas. The Tatas do not have more than three per cent shareholding. In reality, the TISCO is a public sector undertaking due to MRTP legislation. (*Interruptions*)

Tata may be a private man. Like that, Air India's Chairman was a private man yesterday. Today, he has become a public man. There is nothing like a private man and a public man today. If tomorrow he becomes the Chairman of a public sector body, he becomes a public man. (*Interruptions*)

For the last seventeen years, we did not allow one million tonne of licence for expansion to TISCO for additional one million tonne because of the MRTP. What were we doing? We were importing the steel and we are still importing. We were exporting iron ore which we are still exporting. Lot of talks have taken place in this House yesterday and day before yesterday about edible oil.

Mr. Inderjit, I want to tell you. One former Union Minister, with whom you were staying last week told me that eighteen years back, the Government of India considered a proposal to grow palmolin trees in Andaman. I am talking about Hindustan Lever. The Hindustan lever wanted to grow palmolin trees in Andaman. Today, there would not have been any shortage of edible oil here. Today, we would not have been importing it. We are the largest importer of edible oil in the world today. What happened? Thanks to this MRTP Act, we did not allow Hindustan Lever to grow palmolin trees here. What did they do? They went to Kuala Lumpur. They went to Malaysia. Today, most of their edible oil is imported in India. Almost 70-75 per cent of imported edible oil comes from Malaysia. We did not allow the Hindustan Lever to produce it here. But we are importing today from same Hindustan Lever - Lever Broth-

ers, local subsidiary there. This is what MRTP has done in the last 21-22 years.

Look at the crude oil. Today, we are importing 20.5 million tonnes of crude oil spending Rs. 10,500 crore worth of foreign exchange. The large houses in India it may be Tatas or Birlas, whoever, they are - wanted to explore crude oil in Bombay High and in other basins. But we did not allow because of this MRTP Act. I must congratulate the Government. Even though it has not come very soon, but the time has come. We are saying in English: 'Better late than never', or in Hindi:

"Der Aaye Durust Aaye"

For any economy for any industry, there must be a scale of production. If there is no scale of production, there is no massive production. You cannot compete in the international market. This new legislation will help big companies to set up big plants in our country. They will be able to produce good quality products at a competitive price. So, they will be able to export. They will also be able to look after the consumers in our own country.

SHRI INDER JIT (Darjeeling): I hope they will be good in competition.

SHRI MURLI DEORA: They have not been competitive because they were not allowed to manufacture. Their industries are not competitive because their scale of production is one-tenth of other industries in the world.

Sirs, I must congratulate the Government for bringing in one point, for the first time, under the purview of the Bill. (*Interruptions*)

SHRIMATI GEETA MUKHERJEE (Pasnkura): What are the drug industries doing? There was a crisis of essential drugs. What happened to the Hathi Committee's recommendations?

I will just quote what Shri Jyoti Basu had said yesterday. I have got the newspaper with me and I will show you and read it. What is his commitment to the public sector and exit policy?...(*Interruptions*)... I think there are two CPI (M) s, that is, CPI (M) - A here and CPI(M) - B there in Bengal ... (*Interruptions*)... The public sector corporations had no accountability in our country, whether they are Railways or P&T or Telephones. They did not have accountability ...(*Interruptions*)... They had no accountability and this Bill will bring under its purview the productivity performance, consumer protection and after sales what we call the customer care of the public sector units also. The Government deserves congratulations for that. I want to request the hon. Minister on one point. In America, there is something called Federal Trade Commission on our line. And what they do is that they take very big public corporations like ESSCON, ESSO and ATNT (American Telephone and Telegraph Company), which is one of the biggest companies in the world, to task for violating the consumer protection laws. This is what the Government must now do, whether it is private sector or public sector. Government must see whether their performances are up to the mark.

Though the basic objective have been amended, the name of the Bill still continues to be MRTP Bill, that is, Monopolies and Restrictive Trade Practices (Amendment) Bill. The real objective of the Bill today is to see that unfair trade practices do not take place. My first suggestion to the hon. Minister is to change the very name of this Bill. The very Department's name should be changed. I will give you one idea.

In America and Europe, there are organisations like Trade practices Authority. There are such organisations which are looking after the interest of the consumers. This will give a positive outlook. So, I request

the hon. Minister to get away with all the old names. I am surprised that a country which is starved of funds, a country which wants to promote the capital instruments has the name of a department as Controller of Capital Issues. It should be promoter of Capital Issues. So, this Bill should also be named something like that. I would request the hon. Minister to change the very name of MRTP itself. At present this department does not have much powers and the biggest power which has to be given is the power to punish the guilty. It must have the power to punish. When someone has done wrong or when someone has violated the very conditions incorporated in this legislation, then it cannot do anything. They have to go to the sessions Court which takes a long time. So, Mr. Minister, this newly constituted department must have powers to punish those who are guilty.

At present, there is only one unit in Delhi. I suggest that there should be more regional branches in Bombay, Madras, Calcutta, etc. Majority of the cases are in Bombay and Calcutta. Why do you want people to travel to Delhi? Let there be regional branches like other institutions.

There are overlapping of functions. Most of the functions so derived today, Mr. Minister, will be overlapping with the Consumer protection Act. So, there should a total demarcation of functions between the objectives and functions of this department and that department. Work relating to consumer protection, etc. can be looked after by them. But the big public sector corporations, etc. should come under the purview of this Act.

I also understand that at present out of 8 members, there are only two. the remaining six member are not even appointed. The Chairman's post itself is lying vacant. I do not know for how many months is it like that. Government should be serious about this and they should not allow the posts to lie vacant.

SHRI RAM NAIK (Bombay North): How do you expect a non-serious Government to be serious?

SHRI MURLI DEORA: You will see, very soon they will be very serious.

There is also no need to appoint only retired judges as the members and chairman of this Board. There are eminent people in different walks of public life who look after various interests of the nation. Those who look after public interests, those who look after women's interests, etc. can be appointed as members. I understand that at present there is no provision for appointing a woman member. At least one seat should be reserved for women to look after the interests of women.

SHRI RAM NAIK: Why don't you suggest that there should be a provision for knowledgeable Member of Parliament also?

SHRI MURLI DEORA: In the Statement of Objections and Reasons, the hon. Minister has stated that it is proposed to restructure the MRTP Act by omitting the provisions of sections 20 to 26 and transfer the provisions contained in Chapter II-A regarding restrictions on acquisition and transfer of shares to the Companies Act, 1956. There are some apprehensions about it I have read it somewhere. Just removing the problem from one department and sending it to some other department does not help in any way. It does not solve the problem. If you are really liberalising and if you really do not want delays in industrial licensing, you please see that the Companies Act, 1956 does not come in the way.

My senior colleague and honourable friend was talking about protection of private sector, protection of public sector and so on. I want to quote what Shri Jyoti Basu, Chairman, CPM (B), -CPM - (B) means CPM (Basu), has stated in today's TIMES OF INDIA while addressing the Managing Committee of the ASSOCHAM. Let me tell you that I

congratulate him for what he has stated. I am not condemning him. My friends in that side may be ashamed of him, but I am proud of him. He said:

"What was earlier a core sector could now be opened up to the private sector."

people like Shri Basu are very pragmatic and realised where the interests of the country lie. They have realised that there is nothing like public sector and private sector. Whether it be Tata's, Birla's, JK's, Ambani's or Singhanias they own more than 50 per cent of the equity shares.

When I referred to the case of IFFCO, when I congratulated the Government, I also request the Government to please see that the name Monopolies and Restrictive Trade Practices is removed and that this body is empowered enough to look after the interests of consumers and fulfil other objectives.

[Translation]

DR. LAXMINARAYAN PANDEYA (Mandsaur): Mr. Deputy-Speaker, Sir, this Bill has been brought to replace an ordinance. When this ordinance was issued it was said that a Bill in this regard would be brought at an early date because we have made commitments under the new Industrial policy that we would soon bring a Bill regarding monopoly commission and amendment of monopoly law. But I fail to understand as to why the work was done through an ordinance. The Bill as it has been moved now could have been brought at that time also and it would not have made much difference. The other alternative was to bring that Bill without bringing the ordinance, as has been done now. Under this new trend of issuing an ordinance before bringing Bill, the Government has only followed the old tradition. Most of the provisions of this Bill are the same as are referred to in the basic Industrial policy of the Bharatiya Janata Party. That is why I am supporting this Bill. The views mentioned in the new Industrial policy on some

aspects like capital investment, public entrepreneurs and particularly the entrepreneurs of private sector are in line with our policy. (Interruptions) It is our declared policy. If the Government is taking some steps which are in agreement with our policy, we will certainly consider it to be right.

When the ordinance was issued most of the newspapers had criticised the Government's move and gave their comments that the Government is going back from its declared policies but despite criticism the said step was taken. It is a right decision. This will open new avenues of trade and encourage those who are interested in joining this field and making capital investment.

Till date it has been accepted that the public sector provides every kind of facility and as such it has been encouraged. However, the efficiency and production in the public sector gradually became limited and it failed to cater to the needs of the people.

This matter has already been discussed in the House as to how the public sector undertakings have been running continuously in loss adversely affecting the economic condition of the country. Under these circumstances the Government felt the need to reconsider its policy and in the light of this situation this Bill has been brought. The Government's assertion on planned economy or controlled economy proved to be a failure. In other words it can be said that the Government has come forward to reconsider its views in this direction.

It is correct that the world market has been playing vital role in our economy and in the circumstances we have to take world market into account, we have to compete in the world market through import and export of commodities. Owing to the poor performance of the public sector the revenue suffered a heavy deficit, I am quoting couple of lines which were published in "Janasatta" of

30th September. "To strengthen its position in the economic field the Government continued to ignore these aspects. Subsequently it crossed its Revenue deficit ceiling. When the economic condition of the country was seen to be gradually collapsing, serious questions on the policies of Government were raised. Meanwhile the model of Soviet Union on whose pattern our economy was based suffered a serious set back. In this precarious situation the Government was compelled to bring drastic changes in its policies. Consequently, the Government removed all restrictions that were imposed on the expansion of private sector; and the monopoly law was used in the market for healthy competition."

As per the earlier industrial policies, we had virtually started talking about public sector stepping into every field. The Government had imposed certain restrictions while following the said policy. So the need to remove these restrictions were felt. I would like to point out that many other aspects have been incorporated through this Bill. There are a number of provisions in clause 20 to 26 through which those restrictions due to which M. R. T. P. Act is applicable have been removed. These restrictions had deprived some persons from entering the business sector. Many hon. Members have expressed this apprehension that it will have an adverse impact on the cooperative and public sector. I think this apprehension is not correct, rather I feel that it will create competition and a healthy atmosphere in the country. Whosoever is interested in joining the industrial field is welcome but the Government will have to exercise its control over the investing companies, whether they are Multinational Companies or not in respect of limit of relaxation, capital etc. Otherwise it can have adverse consequences. If it adversely affects our domestic production it will not be in our interest. I reiterate that encouraging capital investment only is not sufficient but it is necessary to pay attention to the sources from where the capital comes, in what shape it comes and how much control we shall

have on it. As I understand that the Government has more or less also accepted it. I would like to point out that the Bharatiya Janata Party was of the opinion that the M.R.T.P. Act will be applicable to the industries where the capital over one thousand crore is invested or to companies having 1/3rd market share. The Government has moved one step further and has accepted this point also. While creating an atmosphere congenial to capital investment so on to strengthen the capital market appropriate steps should be taken to safeguard the interests of the capital investors so that an atmosphere of capital investment can be created. In the course of this discussion in regard to this Bill, effort has been made to create such an atmosphere. The apprehension expressed by certain Member that the small scale industries or cottage industries or medium Scale industries may be affected by it and may have an adverse effect is baseless. It is natural that in future if the companies like Lever Brothers, Sunlight Company, Dalda Manufacturing Companies or other big companies go in small productions, it is definitely going to hit the small scale industries or the public sector undertakings so it is natural to impose restrictions on such big industries in some way or the other and there is no objection in doing so. (*Interruptions*) In this Bill there is no such provision and as such I am drawing your attention towards this. There should be some clearcut directions for these industries that they would produce such and such items and will not produce certain other items. Another hurdle is that the financial assistance, grants and loans given by the financial institutions to the various industries sometime create a situation in which these industries gradually become sick units and finally these are closed down. The reason behind this is that we cross the stipulated limits while giving assistance. So, it is essential to consider for setting up a limit up to which assistance can be provided and the units that are financed by the financial corporations should not be closed and may get proper protection. Otherwise these sick units will gradually be

closed and the and the Government will be compelled to close them for ever. It is also apprehended that the closure of these units will adversely affect the labour class It could have to be proved baseless. In view of the deteriorating economic condition of the country the steps taken by the Government to strengthen the industrial sector, are appropriate. Some steps which were taken earlier have not proved much fruitful.

The Government has not been able to control the prices of the essential commodities which are going sky high in the market. We must take effective steps to make available essential commodities at reasonable rates and in the process we had to mortgage gold but we never looked back. though we were not in favour of it.

I understand that through this Bill an atmosphere of healthy competition in the market can be created and if it fails to create such a condition and the Government control still exists in this decentralised state, the possibilities of losses can not be avoided. The Government should also keep in mind this possibility.

In the end I would like to point out that this Nonopoes and Restrictive Trade Practices (Amendment) Bill is in line with our policies. This Bill will create an atmosphere of healthy competition and strengthen the capital investment. Under this Bill, a provision has been made to extend the powers of the Commission. Apprehensions have been expressed that the Commission with extended powers may function arbitrarily because of the provision of power to impose penalty. It is essential to prove such apprehensions wrong. I would reiterate that this Bill corresponds with our policies and as such I support this Bill.

(English)

SHRI AMAL DATTA (Diamond Harbour): Sir, we are today seized of a Bill which is going to introduce a feature, feature, which

according to the undertaking given by the Government of India to the International Monetary Fund, they have to fulfil as per per certain time-table. They cannot go beyond this time-table. Only for this reason, they had promulgated the Ordinance on 27th September. Now, it is 18th December. So, nearly three months have gone. I would like very much the Minister, who is present here, to explain to the House what was the hurry and rush in having that Ordinance on 27th September immediately on the prorogation of the House after the Budget session and what benefit has it given to the country in these three months? Could he not wait or is it so important that I. M. F. had given time-table to be adhered to. Is it because they got 1.8 million SDR and that 1.8 million SDR helped them to prevent from defaulting in payment of international obligations. I do not think so.

Yesterday, I made it clear that this international obligation is a bogie with which the Indian politicians, the entire Indian economists and everybody is sought to be cowed down into submissions to the IMF taking away our economic sovereignty. It has been mortgaged by the Government to the IMF. This is what we have been saying. It now proves more and more true as something has come to light, as we saw from the letter, the Finance Minister has written in August. This subject was discussed yesterday and I do not want to go into the details. The letter makes it clear that this country will henceforth be run on the dictates of the IMF. Even this parliament will be passing those Bills which the IMF wants the Government to pass. Notwithstanding that such Bills may go completely against our Constitution.

This parliament did not pass this legislation more than 20 year ago just out of the blue, just as somebody woke up and then said that we must pass MRTP Act because rich are becoming richer. It was not that there was no material before the parliament, or

before the politicians who were leading the country.

Shrimati Indira Gandhi was the Prime Minister who is very much eulogised by the ruling party even today. Did she not think about it? Yes, there were materials for thought and those materials came from various inquiries over a period of more than 10 years. That was to start with Mahalanabis Committee Report which said that the gap between the upper 10 per cent and lower 10 per cent of the population has been widening. This was because of the existence of the concentration of economic power. Then came the Hazari committee's report which examined the industrial licensing procedure and came to the conclusion that the licensing system has worked to lead to disproportionate growth of some top business houses. Then came the Monopolies Enquiry Committee which found out that 75 business houses had 46.9 per cent of the assets of non-government companies. And then, the Dutt Committee, in 1969, reported that working of the industrial licensing system has helped the growth of large industrial houses. It is in this background that this Act was passed by Parliament to stop further undue growth of large industrial houses. They will be permitted to grow only in areas and in situations where there are absolutely no other means available. The discretion was given to the Government. In my opinion, it was given very wrongly. The verdict has never been given to the Monopolies and Restrictive Trade Practices Commission. This discretion should have been given to the Commission. The Commission had again been held out as a bogie. All blame has been laid at the doors of the Commission.

The Sachar Committee, which was appointed in 1977, gave its report in 1978. It said that only 8 per cent of the cases were referred by the Government to the Commission. The Government disposed of all the other 92 per cent of the cases on its own. Earlier, the Commission has been held out as the guilty party for arresting the eco-

conomic growth of India. The Sachar Commission's report of 1978, of course, is quite old. But it is found that in no way the M. R. T.P. Act has impeded the economic growth. Nobody complained. I do not know about the case which Shri Murlidhar Deora has pointed out, about Hindustan Lever. That must be one rare, single and solitary case. There is no other case. The power to take decision to allow the companies or Houses which came under the M.R.T.P. Act was left with the Government which could refer the matter to the Commission, if it desired. And even when that matter was referred to the Commission, and the Commission gave its report the Government was never obliged to honour the report. The Government could very easily, overrule these reports.

The Government does not say what was the result of implementing the restrictions the monopoly houses. They have been allowed to grow. I do not know what are the figures of assets nowadays. Some say it is Rs. 20,000 crores and some others say it is Rs. 30,000 crores which are the assets of top business houses which number around 70. This is a tremendous growth. Can the hon. Minister cite from the statistics of other countries to show that in any other country top business houses have grown at such a rapid rate and that too without resorting to any high technology? All that has been achieved is on the basis of low technology, exploitation of labour etc. This is what the Government has allowed all along. Through the Act was there. They could hold it out and say: "Yes, we are trying to bring equity in the country; we are trying to prevent concentration of economic growth in the country etc." But they have failed to achieve either. Yet the ills of the economy are being put at the doors of this Act.

But now the I.M.F. has said that they will not allow even this. I think what Shri Murlidhar Deora talked about with regard to change of the name - is also in the offing and may be that in the Budget session that Act will come up. The name also will not be there, because

they want to give it a positive aspect. 'Unfair trade courts' or something like that. That is what M.R. T. P. Commission has now been reduced to to go into complaints of somebody's telephone not working or somebody is not getting a reservation on a plane and that kind of thing will be what the MRTP Commission will be dealing with. In fact, I don't think they may even consider the Commission at all seriously. Otherwise how can the post of the Chairman of the Commission be left vacant for about an year? This is the index of the Government regarding the seriousness of the matter.

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI K. VIJAYA BHASKARA REDDY): It is wrong, the Chairman has resigned only a few days back.

SHRI AMAL DATTA: Sir, all this is being done, not because even our big wigs wanted it. Did they say that they will abolish the M.R. T. P. Commission or take away the power of preventing the growth of monopoly houses? No. We never exercised that power. That power was there, the Government was given that power, but the Government never exercised that power. But even that non-exercise, even that Statute Book possibility of the Government ever exercising that power, that is being taken away now. They had already made the power illusory. But the IMF even cannot tolerate that. Therefore, that has to be taken away. This is the amount sovereignty we are left with. We cannot even have a clause in an Act under which the power to a Government has been made illusory by that Government itself yet the Government is not bothered to turn back and say. "Look here, we never meant to give it any serious effect." They can't even say that. Therefore, we have been asked now to consider and pass this Act, all in a great hurry, because otherwise the Ordinance will lapse. As I say, the Minister will kindly reply and tell me what benefit they have got by passing the Ordinance on 27th of September up to now. Why could you not say it? I don't know, nothing has come to India. No foreign investment

has come to India, nobody is investing in any high technology. If you are expecting that, you are absolutely wrong. Hindustan Levers case has been mentioned. What does their income consist of? 75 per cent detergent and soaps. Is it high technology? I do not know what you people are after. You don't understand or you have just no time to think about these things and whatever the IMF tells you, whatever the World Bank tells you, you take it as the gospel truth and go on that basis opening the doors wide. You are showing to the people that you don't mean business at all so far as equity is concerned, fairness to the community is concerned, you don't mean any more. You change the Constitution, you eliminate from the Constitution Article 39. This particular Act was enacted in pursuance of Article 39(c) which says:

"The State shall, in particular, direct its policy towards securing: (c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment."

That is why this Act was passed. Now they are taking away that very power from this Act, and let them not come openly and eliminate this, delete this particular clause of the Constitution, but let them come before the country and say, 'We don't believe in this any more'. On the one hand this will main in the Constitution, on the other hand they will take away the power which the Government has. This is the hypocrisy of the Government. Come clean and tell the people that we do not believe in the manifesto on which we have come to power any more. In three months we have changed all that. Now, this is what we believe, we go on that exercise and we will see, when we go for elections, whether you can support us or not on that basis! but do not continue on the basis of this hypocrisy.

SHRI DIGVIJAYA SINGH (Rajgarh):
Mr. Deputy-Speaker, Sir, I welcome the MRTPA (Amendment) Bill which the hon. Minister has introduced in this House. It could not have been more timely when this country is preparing itself to the new industrial climate which is prevalent throughout the world. When we have brought about a very pragmatic industrial policy resolution in 1991, it not only takes into account the growth of the Indian private sector but also invites foreign equity and foreign capital in our country.

Sir, liberalisation is necessary. We have to take into account what is happening all around us. Communism as it stood or as it was understood has not delivered the conceived goods. Even Russia and East European countries have given it a go-by and we see that in Russia, multi-nationals have been invited with 100 per cent foreign equity. China has invited multi-nationals with 100 per cent foreign equity. Why are we still conservative? We have allowed only 51 per cent foreign equity capital.

Sir, what was relevant two or three decades back is not relevant today. My friend Shri Murlidhar Deora has rightly pointed out that one of the most pragmatic communist leaders in the world today is Shri Jyoti Basu. He is the first communist leader in the world who brought a new direction to the communist thinking in the world. I admire his pragmatism. I would only bring to the notice of this House that within two years when he has a friendly Government in power at the Centre, 17 big business houses were issued letters of intent for West Bengal, which include Hindustan Lever Limited, Chloride India and Texmaco. All these business houses have been invited to West Bengal; Ambanis have been invited and Tata Tea was invited. I do not understand the mental block which our communist friends in this House have; a very enlightened leader Shri Jyoti Basu has such modern and progressive ideas. I would like to quote the news report of his address in Siliguri. It says:

"He has held discussions with big foreign companies to arrange for the supply of better quality seeds to farmers in North Bengal. Another foreign firm is interested in brinjal cultivation in scientific technology."

This is really wonderful. When Shri Jyoti Basu, the most respected communist leader of this country today does not have a mental bloc, then why do our friends like Amal Dattaji, Nirmalji and Somnathji have this mental block? I would urge upon them to remove all this mental block and come forward to support our industrial policy resolution, 1991 and support this METP in the new format.

Then only, they would be toeing the right and pragmatic line of Shri Jyoti Basu. Our Communist friends have this unrealistic ghost hovering around their back of the IMF conditionalities. Whatever conditions that have been put forward by the IMF those had been laid on the Table of the House yesterday by Dr. Manmohan Singhji. At no point of time, this Government has ever bowed down to the wishes of the IMF. We have taken a very pragmatic stand. We have brought forward a very pragmatic, economic and financial policy so that the growth of the industry is not hampered by our restrictive shackle thinking on backdated issues. This is what is necessary.

Now the hon. Member has said that the MRTP (Amendment) Bill is against the small scale sector; against the cooperative sector; against the economic policy, against the industrial policy regulations; against the core sector and against the planned growth. It is not so. If my friend would see the industrial policy of 1991, it specifically says that the industries reserved for small scale sector and the cooperative sector would remain in those sectors. There would be no challenge to that. It has always been the policy of our Party to give full protection to the small scale industry and the cottage industry which provide maximum employment. MRTP

(Amendment) Bill or the Industrial policy of this Government are not encroaching upon the small scale sector, handloom sector or cottage sector. The mental block of the Communist friends must be removed.

I would like to bring to the notice of this House that the MRTP (Amendment) Bill has brought the public sector also within the ambit of the MRTP Act, which is a good thing. If the public industries are bringing out substandard materials or if they are overpricing the product, why should not the common consumers raise the issue where he has been cheated, under this Act?

"It would continue to be the policy of the State to give fair and non-discriminatory treatment to both privately and publicly owned units."

It is there in the Industrial Policy Resolution of 1956. In the Industrial Policy of 1980. If you see the socio-economic objective, it says that the consumer protection against high prices and bad quality would be one of the features of the new industrial policy of 1980. This is precisely what this Act has done.

Again, in para 24 of the Industrial Policy, 1980, it says: In a number of cases, the industry has not been able to compete in markets abroad because the scale of output which is related to level of domestic demand is too small to give them advantage of modern technology and economies of scale. That is why, entry restrictions of the business houses have been removed. The MRTP Act had become more restrictive than the positive aspects of the Act.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): Was it not the view that if the scale requires that not more than one or two units can be established, in such cases, in order to avoid concentration in the hands of the private sector, they should belong to the public sector? Was not that the view? Please let me know.

SHRI DIGVIJAYA SINGH: I would not like to deviate from the precise area of the MRTP Act and Industrial Policy Resolution was discussed in this House at very great length and those points have been answered by our hon. Minister.

SHRI NIRMAL KANTI CHATTERJEE: The hon. Minister has not answered.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RANGARAJAN KUNARAMANGALAM): Scales do not change. I know. It remains constant.

SHRI DIGVIJAYA SINGH: The objectives of the MRTP (Amendment) Act are very specific and clear that with the growing complexity of industrial structure and the need for achieving economic scale for achieving higher productivity and competition in the international market, the thrust of the industrial policy has shifted to controlling and regulating the monopolistic, restrictive and unfair trade practices rather than to make it necessary for certain undertakings to obtain prior approval of the Central Government for expansion and establishment of new undertakings, merger, amalgamation, take over and even appointment of Directors.

These are the points which were the real irritants to the growth of the industry in this country and which have been rightly removed and I congratulate the hon. Minister to have rightly brought in this Amendment.

I tend to agree with hon. Chitta Basu that until and unless there is a political will to implement the Act, the Act becomes infructuous. The Act itself provides very wide powers to the MRTP Commission to look into the interests of the consumers, to bring down the prices of essential commodities which the industries make a cartel and bring about unwanted price rise. That is why, I say

that although the BICP has its own methodology to evolve the right cost of production, until and unless the DG of the MRTP takes this Act seriously and brings to book all those persons who have unilaterally raised the prices of their products, until and unless this Amendment Act is used in the right manner, the whole exercise will become infructuous.

I also support the criterion for determining dominance as application to regulation and transfer of shares under newly inserted Sections 108A, 108B, and 108C of the Companies Act, 1956. It is proposed to be determined only on the basis of market share of 25% of the total goods produced, supplied, distributed or services rendered in India or substantial part thereof.

This would help the common man to put in savings into the share market. At the same time, Government have provided an investment of about Rs. 2,500 crores worth of shares in the public sector. But they are not offering it to the public. They are restricting it to only the public sector institutions, for lending institution. The whole purpose of this investment is lost.

As far as the disinvestment policy of the Public Sector Enterprises is concerned, I would urge upon the Government to bring it to the share-market, to bring it to the general public so that the real common people may be able to participate in the growth of the Public Sector Enterprises.

To conclude, I would say that the Government policy and this Act, have been brought forward at an opportune and timely moment. I am sure this would go a long way to help the industrial growth of this country.

[Translation]

SHRI GEORGE FERNANDES (Muzaffarpur): Mr. Deputy Speaker, Sir, I have no interest in this discussion because it seems to me that an exercise is on to decide the line

of treatment after the death of the patient.

Now industrial policy has come and they had already entered into a deal to sell the country under that policy. Whatever we are doing here, the amendment in this or that law etc., that is all according to the deal already struck with the International Monetary Fund. The hon. Finance Minister had presented the draft of that deal in the House day before yesterday which we have been discussing since that day i.e. the day before yesterday. You have given each and every word of this law in writing to the I.M.F. We people are here discussing the same thing today. You are saying that you are doing all this in the interest of the country and on the other hand we are of the opinion that you are doing harm to the country. I do not see anything else in it.

Had you given this document to IMF in the interest of the country we would have appreciated your move considering it as your new thinking and new direction. Once there was Swatantra Party of Meenu Masani, who used to sit here. We could have said that Congress was now following the ideology of Meenu Masaniji and his party so we could have praised that sooner or later they have become follower of Swatantra Party. We could have said so but today we are not in a position to even appreciate your new thinking. Yesterday, during the debate on Memorandum on Economic Policy for 1991-92, to 1992-93 which you had also sent to the Managing Director of I.M.F., Mr. Michal Camdesus on 27th of August, the hon. Finance Minister replied my question saying that what could be the answer of such a document which was based on mutual understanding. In it you have stated that:

[English]

"The first stage of the reform was announced in July and includes the following key measures:

- (1) Industrial licensing has been abolished for all projects except for a list of 18 industries related to security, strategic, or environmental concerns and certain items of luxury consumption that have a high proportion of imported inputs. The exemption from licensing also applies to the expansion of existing units. Notifications spelling out the new procedures were issued on August 2....."

[Translation]

Today, you have come with a proposal to make it a law. Further you have added in this law that:

[English]

- "(ii) The Monopolies and Restrictive Trade Practices (MRTP) Act will now be applied in a manner which eliminates the need to seek prior Governmental approval for expansion of present undertakings and establishment of new undertakings by large companies. The changes also apply to merger amalgamation, and take over. These changes will be introduced with immediate effect through appropriate administrative notifications under the Act."

[Translation]

What is the new thing that you are praising here? You have already surrendered before the I.M.F. (Interruptions) If you

say so, then I would like to draw your attention towards the statement of the hon. Minister. I would like to draw your attention towards the speech of the Minister which he made while moving this bill. It is good that you did not mention the names of your old leaders. You did not mention the names of your old leaders. You did not mention the names of Jawaharlal Nehru and Indira Gandhi, other leaders did not belong to you. You condemned them here yesterday which you should not have done. One should not forget his past to this extent. Your thinking is new, you want to go to twenty first century and you belong to the new generation. I would accept that you have brought new ideology and new thinking but do not try to forget your past in such a way as you did only yesterday, you said:

[English]

"It has been our experience that applications of large industrial houses, popularly known as MRTP undertakings, for establishment of new undertakings, expansion of their activities, amalgamation, merger and takeover, whenever found unacceptable, they were rejected on the grounds valid for purposes of licensing. And there were very few cases where such applications could be rejected on the grounds falling under the MRTP Act"

[Translation]

You are saying that applications were not rejected under Monopolies and Restrictive Trade Practices Act but were rejected on the grounds of licensing. You could have

agreed to it only upto licensing. But we have not done it keeping in mind the objective of this law. There may be somebody from I.M.F in your office. All those who are drafting all these things for you had once been in World Bank and have come here after serving there for five years.

(Interruptions)

[English]

SHRIDIGVIJAYSINGH (Rajgarh): Sir, I would like to remind the hon. Member that in the previous Government, where he was a Minister, the Economic Advisor who was appointed by Shri V.P. Singh, was also from the World Bank.

[Translation]

SHRI GEORGE FERNANDES: So you have accepted my contention. It is proved.

[English]

SHRI DIGVIJAYA SINGH: Sir, there is nothing wrong in taking as Economic Advisors the persons who were from the World Bank. It cannot be a fault.

[Translation]

SHRI GEORGE FERNANDES: Why do not you listen to me? I did not say that you had done wrong. I have said only this much that what you are reading out here has been prepared by those people. The I.M.F. and World Bank, through their own people are trying to implement your policies. They might have been in our Government also because bureaucracy is after all bureaucracy. There may not be any other provisions in Article 311 of the Constitution but there is a full provision for bureaucracy. They have made full provision for themselves because they were the persons who wrote the Constitution from behind. (Interruptions) If our generation does not solve this problem then some other generation will solve it. If not today, then it will

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approval of Monopolies & Restrictive
Trade Practices (Amend.) Ordinance &
be solved tomorrow. You do not want to
listen to me.

[English]

"In the process, the projects initiated by the MRTTP companies were delayed in view of the time consuming procedures, the prior approval of the Central Government."

[Translation]

You have claimed in your manifesto with pride that only you can run the Government and it were only you could run the Government. You have admitted only yesterday in the speech prepared by an IMF man that you had been very foolish that you had brought the country on the brink of ruin by following wrong policies and now you are trying to amend it through the I.M.F.

The hon. Minister has gone. He is bent upon bringing this country at par with U.S.A. and other big nations of the world and therefore, my opinion is that we are pigmies and they are giants. That is why we need to pass this law to come at par with them.

[English]

"Our so called monopoly houses are pigmies in comparison with the giant international conglomerations having multinational operations in the changing global scenario. It was considered necessary to remove restrictions and controls and expose our industry to international competitiveness."

[Translation]

Nothing can be more foolish than this view. How can our companies be compared with the conglomeration and giants of America. Our per capita average annual income is four thousand rupees and the hon. Minister must be aware of the fact that whosoever

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has prepared this speech might be knowing that per capita average annual income of that country is six lakh rupees. Do you think that you will come at par with U.S.A. overnight through some magical wind. America accounts for 30 per cent of the total production of the total production of the world and we produce just 0.8 per cent. Before comparing ourselves with the Western Europe we should look into the fact. The per capita income in Switzerland is Rs. 7 lakhs 25 thousand against our's Rs. 4 thousand. Our share in the world trade is only 0.4 or 0.5 per cent and we are going to consider our companies equal to the Nestle Company of Switzerland and other multinational companies of the world. Even in such an odd situation we are talking of competing in the world market.

The hon. Minister hails from Andhra Pradesh, he must have thought of such an enactment as may benefit the tribals of Andhra Pradesh. You should have thought of Bihar where 4 crore and 25 lakh people live and get only 35 mw electricity; while in U.S.A. this much of electricity is consumed for making arrangements for lighting two roads only. You must think how you will provide more electricity to Bihar.

You should think as to how the unemployment can be solved in the country where crores of people are jobless. Instead of that you are talking of multinational companies of America.....(Interruptions).....What is your opinion in this regard? Please do not cry. I know that you are trapped in this law.

SHRI RANGARAJAN KUMARAMANGLAM: I know about your personal opinion.

SHRI GEORGE FERNANDES: We express our opinion frankly. And we hate the Government's intention behind this law, which is liable to aggravate the problem instead of solving it.

Further, I would like to say about the

[Sh. George Fernandes]

exports. M.R.T.P. is being discussed because we want to increase the exports. You have written to the I.M.F. that -

Sir, please pay your kind attention towards this.

[English]

"The system of phased manufacturing programmes, which required the progressive reduction in the import content of certain projects over time, has been discontinued for all new projects."

[Translation]

What items will you export? What to talk of indigeneous production, you have even left the idea of self reliance. You have mortgaged yourself to the I.M.F. you will request the foreign companies to bring all the parts of the machines and all these parts will be assembled by the those companies and will be exported to America. in this process, how you are benefited. I am unable to understand as to what the Government is thinking. (Interruptions) I am not talking in terms of party politics. I am talking only in the interest of the country as a whole.

[English]

You are talking about the system of phased manufacturing programme.

[Translation]

It means technology transfer..... (Interruptions)..... I was saying the same; you were not present then. This discussion is simply a wastage of time. I am just pointing out how we are being be fooled the Government is misleading the whole country.

When the foreign companies are allowed to invest 51 per cent capital, and they get an automatic approval; how the Indian

Companies can be broght under MRTTP Act. If the Indian Companies move the court against this provision and engage a good lawyer like our young friend, Shri Kumaramangalam, they will at once win the case on the plea of double standards. So this is a wrong step and the time to rectify this step has passed. now we do not want to waste the valuable time of the House in discussing things.

But certainly I would like to emphasise that the concept of socialism has not vanished from the world and to make references of Russia, China, Eastern Europe, Bengal, Jyoti Babu etc. is irrelevant in this regard. Those who accept that socialism has ended from the world are nourishing a wrong nation. The concept of socialism has not at all been erased from the world and at least in India it can never vanish rather it will flourish. You are trying to finish socialism by force, but it won't happen. I know that with the help of MRTTP Act you are selling this country into the funds of few capitalists and multi national companies. You are also trying to turn politics into a game of money power only. Please do not discuss the happenings of Russia and Eastern Europe and do not conclude that India will also have to face the same situation here.

The mode of production in Russia was not much different from those of America and other countries.

[English]

SHRI RANGARAJAN KUMARAMANGALAM: Our differences are on authoritative dogma and not on anything else.

[Translation]

SHRI GEORGE FERNANDES: Then it should be elaborated further. Here each of them is just bent upon criticising socialism and Jyoti Babu. they are stating what happened in Eastern Europe and Russia but they are silent over not individual freedom,

the flexibility of the political parties and democratic set up in those countries. It is quite different from India. Then there was no need to discuss Shri Gorbachev's deeds or the happenings in Eastern Europe. But we would not discuss about China. Why? (*Interruptions*)

[*English*]

SHRI RANGARAJAN KUMARAMAN-GALAM: What is understood is that authoritative dogma is not an answer. It is an answer where everybody has equal opportunity. (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: It is so modern that in 1848, Marx could have written about it. (*Interruptions*) You have to understand that. Otherwise, how can you criticise it? (*Interruptions*)

[*Translation*]

SHRI GEORGE FERNANDES: Mr. Deputy Speaker, Sir, I am very glad to know that at least our friend Kumaramangalam understands this. I know that he has been brought up in the same ideology. However, it is a different thing that he is wrongly placed. Even then we are proud in saying this that he still contains some instincts of the same ideology.

It is often said in the country that this is the Government of capitalists. Everywhere within and outside the parliament it is repeatedly mentioned that the days of socialism have passed. But I hold a different opinion. The change in nation's life and ideology is quite natural. From such changes one should not draw any final conclusion otherwise we will have to repent in future when America and the multi-national giant, will dominate US. The examples of Russia and Eastern Europe are before US. So it is better to adopt the right path to be followed by India otherwise we will be too late.

[*English*]

SHRI RANGARAJAN KUMARAMAN-GALAM: Why are you hunting with a hound and running with the hare?

SHRI GEORGE FERNANDES: I am not running with the hare. It is very important that you understand it that you cannot possibly go on singing in praise of these multinationals.

(*Interruptions*)

[*Translation*]

The production of two American multinational companies is equal to our Gross National Production..... (*Interruptions*)..... we are saying only but you are doing it. You are selling the country rather you have sold it. That is why we are drawing the country's attention towards yours deeds.

Mr. Deputy Speaker, Sir, yesterday, a report namely Narasimhan Committee report was laid on the table of this House. I do not know whether it would be discussed in this very session or not. But I think it cannot be discussed. During the discussion the members who are willing to speak, may express their views at that time. I hope when discussion on the economic policy will start, some of the important paras will definitely be taken into account. I would like to inform the House that some of the officers have shown this report to the world bank and the I.M.F. before laying it on the table of the House. Mr. Deputy Speaker, Sir, where this country has reached. Now they will not speak..... (*Interruptions*).....

[*English*]

SHRI RANGARAJAN KUMARAMAN-GALAM: Not true..... (*Interruptions*)

[*Translation*]

SHRI GEORGE FERNANDES: Not

true? Please stand up and then say it, so that a question of privilege may be raised. Do not speak while sitting.....(*Interruptions*) Why did they approach? They are inviting American Companies, other multinational Companies, Banks Insurance Companies etc. through I.M.F. not only to control our economic programmes but to control every sphere of our activities also.

I would like to say a few words to our B.J.P. friends also because they have fully supported the Government's policy.(*Interruptions*)

AN HON. MEMBER: They are in a haste to join the Government.(*Interruptions*)

SHRI GEORGE FERNANDES: Coming into power or going out of it is another thing but we cannot leave our sense of patriotism, culture, civilization. Surrendering all these to the multinational companies in each field is not good. Tomorrow they will try to impose their culture on us, we will find ourselves weak and will not be able to face them. We will lose even our moral strength what to talk of other things.

Mr. Deputy Speaker, Sir, I am concluding with one point that in the so-called liberalisation process it is being said that our public sector is in miserable condition while private sector is in a good position. It is very necessary to compare our private sector with the private sectors of the world. We had been discussing a small Indian newspaper, 'Novbharat Times' for the last 3-4 days. Now all have come to know how great their was Maxwell, who was owner of a big English newspaper and who committed suicide or died or met some other fate some days ago.....(*Interruptions*).....

He was said to be a very efficient person so much so that this paper suffered a loss of nearly rupees twelve and half thousand crore due to him. Hon. Minister you are praising

America where everyday two Banks go into liquidation.

[*English*]

Everyday two banks go into liquidation in America and they are all private banks.

[*Translation*]

In America, every year tens and thousands.....

[*English*]

businesses go into liquidation and they are all private businesses.

[*Translation*]

And Reserve Bank of India is here. Several committees were constituted, Tiwari Committee was also constituted, the following is the statement of this committee about the private sector, which is praised by many who are sitting here. Tiwari committee has said.....

[*English*]

"58 per cent of private sector units went sick due to mismanagement, 19 per cent went sick due to siphoning of funds by the management and only two per cent went sick due to labour related problems."

.....(*Interruptions*).....

SHRI NIRMAL KANTI CHATTERJEE: Siphoning was good management and not mismanagement.

[*Translation*]

SHRIGEORGE FERNANDES: And this Report will not be discussed here, all this information will not come before the House.

You are also in favour of this policy in the hope that you would find an opportunity to sit there.....(Interruptions).....These people are harming the interests of the country. Do not support such policies..... (Interruptions).....^

[English]

SHRI RANGARAJAN KUMARAMANGALAM: You even stopped dreaming of coming to this side.

[Translation]

SHRI GEORGE FERNANDES: We have made you to reach there..... (Interruptions)..... If all the Members of this side make their firm determination, you will not speak with such an overpowering influence..... (Interruptions).....^

Mr. Deputy Speaker, Sir, I request the hon. Minister that Shri Bhargava has given a notice to circulate this Bill for eliciting public opinion thereon and I hope that the motion would come before the House. With the help of whole opposition Members, we will try to defeat the ruling party on this Bill. If it is impossible, at least we will be able to send it for public debate.

with these words, I support Shri Chitta Babu's resolution and strongly oppose this Bill because I am against this policy.

[English]

SHRI SHARAD DIGHE (Bombay North Central): Mr. Deputy Speaker, Sir, I rise to support the Monopolies and Restrictive Trade Practices (Amendment) Bill, 1991.

While telling the House that it is futile to discuss this as the patient is already dead, I think, Mr George Fernandes had made the longest speech on this Bill thereafter.

16.00 hrs.

[SHRIMATI MALINI BHATTACHARAYA in the Chair]

His whole contention was that when the patient is already dead, it is futile to discuss the Bill, to find out the medicine and then to see whether that medicine is proper or not. After saying so he had made the longest speech on the Bill. That only proves that ultimately the merits have to be discussed as far as this House is concerned. Now, there is a fundamental difference between the approach of Shri George Fernandes and the approach of this Government as far as the economic situation and the remedies to rectify the situation. Therefore, it is but natural that he cannot agree with the Bill that is before this House. But once we realise that we are in a difficult economic situation and there is a new trend set up for liberalisation and privatisation, the only logical way is to amend this Monopolies Act. This step is consistent with the policy of the Government. Therefore, I submit that if we are to pursue that policy further, then there is no other way but to bring an amendment on these lines to this Act. The Finance Minister has been making this announcement since long and this commitment is there in the memorandum submitted to the IMF. Therefore, this is a logical step in consonance with the policies of the Government.

This Bill, as we all know, removes all pre-entry restrictions. I divide this Bill into two parts. The first part removes all pre-entry restrictions and the second part tries to give more teeth to this body to protect the interests of the consumers in this country.

As far as the first part is concerned, it tries to remove all pre-entry restrictions on setting up new industries, expansion of the existing ones and so on. It also removes the restrictions of amalgamation, merger, takeover, appointment of directors, etc. The statement of Objects and Reasons itself makes it clear that the thrust of this industrial policy has shifted to controlling and regulating the monopolistic, restrictive and unfair trade practices rather than making it necessary for certain undertakings to obtain prior approval of the Central Government for expansion,

[Sh. Sharad Dighe]

merger, etc. It is but natural that the pre-entry restrictions under the MRTP Act on the investment decisions of the corporate sector have outlived their utility. This can be seen not only from the policy but the figures are also available. Since 1970, when this Act was first enacted, the projects approved by the Government are 2464 and the number of projects rejected is 934. The number of projects rejected for MRTP reasons is only 199. This Act was not fulfilling its objectives and as stated, it has outlived its utility. By removing or eliminating the time-consuming procedure for prior approval of the Government, it would be possible for all productive sections of the society to participate in efforts for the maximisation of production. If the aim is to have maximisation of production, increase of industrial sector even allowing the multi-nationals to participate in this process, then it would have been an anomaly if there had been restrictions as far as domestic industries are concerned. Therefore, it was very much necessary to bring this Amendment.

By bringing this Amendment, we have been removing a major hurdle in the way of capacity expansion and the establishment of new undertakings by large houses. It is to be seen in future how far the large houses are responding to this gesture and whether this results ultimately to concentration of capital, concentration of industrial power or whether it will increase industrialisation resulting into more employment for this country and remove poverty and unemployment as far as this country is concerned.

Therefore, from this point of view, this step has been taken to pursue the present economic and industrial policies of the Government.

Now, the second part it is giving more teeth, sharper teeth as far as this body is concerned. Therefore, from that angle, the wider definition of goods and the wider defi-

inition of services is a welcome step. The goods include issue of shares before allotment and services will also cover Chit Funds and Real Estate dealings. The public undertakings are also brought under this Act. Therefore, it is expected and hoped that consumers will get benefit from the machinery of the MRTP as all these sectors have been brought in existence, brought under this Act and the definition also has been widened to widen the net as far as the MRTP machinery is concerned. Even the false representation which refers to quality has now been widened and it includes the quantity of goods also. If the traders are showing at their level that such and such a packet contains a complete one kilogram and if it does not contain that much quantity of the product, then he can be brought under this MRTP. Therefore, I look upon these measures from the point of view of consumers. The consumers movement is slowly growing and they have got different avenues at present but it was necessary also to widen the scope of the MRTP and also to give relief to the consumers of our society. From that point of view, more powers are given to the MRTP Commission and the Director General also. Appeals are provided. Deterrent punishments are provided for violating the orders. A J formerly when Interim injunction could not be given and there were several differences as far as interpretation of the Act was concerned and many big houses were let off because of bad drafting or the lacunae in the present Act, those lacunae have been attempted to be removed. And therefore, I hope that, now there is no difference or no doubt as far as the wording 'during an Inquiry before the Commission' is concerned. That was the main phrase which went in for interpretation.

In two well-known cases, namely Bata India Limited and Colgate-Palmolive India Limited, this phrase went in for interpretation. In those cases it was suggested that the action was not taken during an inquiry but before the inquiry itself and therefore they got scote-free. Now, therefore, those small

lacunae have been removed by this Act and that will give a great advantage to the consumers in getting relief from the quality, quantity and several other aspects of the goods that are being provided.

From this point of view, I say that it is not merely the concession to the big houses, but this Bill also contains several clauses and several provisions for consumers. It also removes some doubts as far as the interpretation is concerned, so that the small man, a consumer is also benefited by this MRTP Commission and their proceedings and the advantages which are given in that Act. From that point of view I whole heartedly welcome the Bill and support the Bill that is before the House.

MR. CHAIRMAN: The Minister will now intervene.

SHRI GUMAN MAL LODHA (Pali): I have yet to speak, Madam.

SHRI RANGARAJAN KUMARAMAN-GALAM: I am not replying. The hon. Minister will reply.

Madam Chairperson, we have heard a number of speeches both in favour and also against.

SHRI BHOGENDRA JHA (Madhubani): Why do you not hear some more speeches?

SHRI RANGARAJAN KUMARAMAN-GALAM: I am sure, my senior Minister, the Cabinet Minister will meet Shri Bhogendra Jha's points.

If I may submit, it was interesting to note that all of them, all the speakers, unanimously seemed to be of the opinion that the MRTP Act as it stood from 1970 has really not been effective, according to all of them, in achieving the objectives of controlling industries from being set up by MRTP houses or groups. Of course on one side the allegation was that there was no will and on the

other even effective, it could not be acted upon.

I think it is necessary to go a little bit into the history of the MRTP Act itself. Let us not forget that there was a Monopolies Inquiry Commission. Let us not forget that there was a report and it was on the basis of that report that the MRTP Act in itself came into being. Very categorically the Commission has stated that economic concentration to the detriment of common good is what that has to be stopped and not economic concentration *per se*. Merely because of the size of an undertaking, if you are going to step expansion, then in today's days, where capital assets of even a small sugar undertaking, just a sugar mill will bring me over the earlier Rs. 100 crore limit, that would become a bit of fallacy.

The objective basically is to ensure that monopoly is not used to the detriment of the common man. *Per se*, just because a person is large in size as industry because of today's modern technology beginning higher investment, you do not stop him at the day 'go'. Today there are instances of cases, hundred of cases where it can be shown, where there is a tremendous difficulty in moving through the pre-entry restrictions. I am not talking of large houses, but of new enterprises, which want to set up what can be called sun-rise industry, what may be called middle or medium size industrial establishments.

The moment they cross that Rs. 100 crores *Lakshman Rekha*, which is the basis, it becomes very difficult to justify today. They had to be restrained and the rigmarole and the methodology they had to adopt made invariably each of the projects escalate in cost often becoming non-viable at the end of the whole procedure. Was this necessary? Is it necessary? Is this what the Monopolies Enquiry commission wanted? It is necessary for us to go into why was the Act brought in. The Act was brought in because it was noted that large monopoly houses, especially large

industrial groups will indulge in what is called monopolistic practices, restrictive trade practices and unfair trade practices. Unfortunately, instead of giving teeth to the Act to control them, regulate them, this Act was used more as an Act for demagogic purposes. It was very convenient for the monopolistic houses. This was really a very convenient Act because they were never stopped from growing. The Act had enough in it for them to ensure that they could get their approvals especially large houses. In the State of West Bengal many houses are welcomed and given approval. They have been given essentially on the recommendations of the State Governments and its Secretaries. It is not that the approval was granted by the Government of India and forced down on the throat of the States. Almost all States unanimously welcome when a new industry is proposed to be set up in that State. They bow over to ensure that those industries do not leave their State and go somewhere else. Therefore, each is competing with other and giving no objections and giving recommendations to ensure that the MRTO Act does not stop. Hundreds of instances can be cited, if necessary. I do not think, it is necessary. But the real truth is what is it that this Act envisaged originally? It was to ensure that monopolistic practices are restrained, control do not take place, restrictive trade practices do not take place, unfair trade practices do not take place.

Shri George Fernandes spoke very strongly about what he considered to be end of socialism. Some other hon. Members also spoke. I do not think anyone of them wanted to say that. I did interrupt and I think he was kind enough to allow me to do without his permission. But, I did get up to say it is not the end of socialism that anybody sees in these East European countries or in Soviet Union. What is the end we see is an authoritative dogma which does not open its eyes and see the reality that the only change today in the world is the change is constant. You cannot

avoid change and if you want the growth there must be change and change must be in line with what you have thought of and that has to be continued. We are not trying to jerk the country out from one group to another. There have been allegations that we have been leaving the Nehru and the past. On the contrary, we never started with our eyes closed. Panditji was very clear that mixed economy is the answer. (Interruptions). We have not said that mixed economy is to be given away. (Interruptions). If, I may submit, it is because the voice of dissent and the voice of change of the youth was struck down in their throat and stifled. That is why we have landed up in Soviet Union where: it is today.

Therefore, please do not stifle the voice of the youth. Please do understand that what the country wants today is growth. We do not want anybody restrained or stopped from having opportunity to set up an industry. But, at the same time, it is very clear that when you set up an industry, you shall do so as per the laws that socialism demands, that is one of equal opportunity to all. You shall not use your size to indulge in a monopolistic practice.

SHRI NIRMAL KANTI CHATTERJEE:
How do you guarantee it?

SHRI RANGARAJAN KUMARAMANGALAM: Can I come to that point later? I was saying: You shall not use your position to adopt restrictive trade practices. You shall not use your situation to indulge in unfair trade practices. This is what we want to ensure and this is exactly what we wanted to do in the Act. We wanted to remove the argument that was used by most of the large houses for not putting up industries. They would say that the M.R.T.P. Act, the M.R.T.P. restrictions and the M.R.T.P. procedure for pre-entry restrictions are the reasons why they are not going into any new arenas for development.

SHRI NIRMAL KANTI CHATTERJEE:

The only point that is even on the plane of theory is that it is not through unfair trade practices. I underline not through unfair trade practices' that the monopolists come to dominate. It is the sheer size and control over the economy. That is where the control was proposed by Panditji. He could see it via the Mahalanovia. Commission, via the Dutt Committee etc. it is from this that you are degrading. It is the economic lobby and not unfair trade practices which is the problem of administration. It is this point which you tried to comprehend and ponder and tell us. I want to know what answer you have got to it.

SHRI RANGARAJAN KUMARAMAN-GALAM: I would like to first meet your point and then go ahead with what I was saying. The point, that is very simple, is that when we talk of monopolistic practices, that is exactly what we are referring to. When a person, an industry, or a legal entity uses its very size or dominance share of the market, I repeat dominance of share of the market, which is the other factor, and indulges in practices of ensuring that others do not come and fair competition does not exist and unfair usurious profits can be indulged in. We can do it today under the Act. That is what you never did before. You only said that: 'I have this Act'; waved the paper, I have this Act where you have to get my prior permission before starting on industry. But you gave him the permission. All right. Each one vied with the other, irrespective of which political party they belong to, which Government they belonged to, to give him the permission. But you did not, after giving him the permission, ensure that he obeyed the law of not indulging in monopolistic practices or restrictive trade practices. Cartels are formed. Usurious profits are made. What actions are we taking to destroy that? I would appreciate if that was the question that was asked. Instead we go back and wave the flag of dogma and say: "This is exactly what we want". If we want to control monopolistic practices, restrictive trade practices and unfair trade practices, you must give the Commission the power. And that is what was

not there. The Commission should adjudicate; the Commission should pass orders of cease and desist. But then, what happened immediately after that when it came to implementation? Has somebody disappeared or violated the norms? They had to go to court - to a Magistrate's court - where there was no way to get it implemented.

Today you say that we have the powers of contempt. Has anybody said at least one word of congratulation or one word of thanks saying: 'Yes, you have at least strengthened M.R.T.P. Commission'. No. It is because we are still lost in what we thought was right and what we know may not be right. We are still lost in that. It is time for all of us to realise that socialism means equal opportunity to all. (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE:
The people below the poverty line as well as those above the poverty line. (Interruptions)

SHRI RANGARAJAN KUMARAMAN-GALAM: Not at all. Equal opportunity means that ultimately every single person..... (Interruptions). If that is the meaning, then I would like an amendment or: what you consider. (Interruptions). Well, I am hearing you, don't worry. I am not going to run away from the House. But I would submit, Madam Chairman, that the point that is important is, we have to ensure that with industrial growth there is fair competition, no unfair practices are indulged in, no cartelisation takes place, no exploitation of the common man takes place, and the only way that we think it can be done is the way we strengthen the MRTP Act, and I am firmly of the view or the Government is of the view that pre-emptive restrictions serve no purpose and will serve no purpose even in the future. That is why we have removed it categorically from this point of view saying that if any pre-emptive restrictions have to be made, it is not the MRTP that will do it, it will be the industrial policy, the industrial law that will do it. And there are still industries which are in the core sector for which licensing is required, it is not that the

[Sh. Rangarajan Kumarmangalam]
industrial policy has removed all restraints in totality; we have widened maybe the number of industries for which licensing is not required. But still the core sector concept remains, still the small scale industries concept remains, still the reservations for small scale industries remain. We have only opened to a little extent to allow people who want to expand and grow, have the opportunity to grow. Shri Murlidhar Deora, I understand when he was speaking, mentioned about changing the name of the MRTP Act dropping the 'M'. Let me inform him that 'M' is a very important point when we talk of monopolistic practices, we never paid attention to it in the past essentially because we have the advantage of saying, we are stopping the monopoly so that there is no question of monopoly practice. Now, that opportunity does not exist and now when I feel that the MRTP Commission will exercise its authority under the Act to identify, the definition of monopoly is not restricted. It is very wide. There is enough scope for the MRTP Act and the MRTP Commission to exercise power where monopolistic practices are indulged in.

SHRI NIRMAL KANTI CHATTERJEE:

That part is the consolation prize. We understand that.

SHRI RANGARAJAN KUMARAMANGALAM: There is no consolation prize. This is the reality. If you prefer having a piece of paper which has no meaning, which you yourself used to recommend when you sat in West Bengal saying 'Waive, waive, waive; don't object because we want that company to come here and not go there', and you tell us now to continue to keep that piece of paper. And that is not the only thing. If I may submit, I can give a list of industries which I have, which the West Bengal Government recommended actually to the MRTP houses and said, 'Please give them the 'No objection certificate' under Sections 21-22. Other friends have been doing it, I don't want to indulge in it.

I also want to bring to the notice of my friend who is soon going to discuss the economic policy, that there is a report about the hon. Chief Minister saying that he is not at all negative on the IMF. He feels that IMF conditionalities, if they are acceptable to India since they are pragmatic, we should accept them. I don't understand that when he is Chief Minister, he is talking in one tone, but when they are in the Opposition, they are talking in the other tone. There are different tones and different tongues. But that is part of life I presume. I would like to move ahead to state that what is important is not trying to fool ourselves with terminologies today. What is important is to ensure that you actually, pragmatically implement what you believe. And you should implement what you can implement and not just put words on paper for purposes of using it as a shield and do some other activities behind the shield. I would only like to submit that various allegations have been made that we have sold ourselves out to the West, to America etc. etc. I have been unable to appreciate that on the one hand it is said that no foreign capital will come to India and on the other hand it is said that the MNCs. will swallow. I am not able to correlate the two. On the one side statements are being made that no foreign company, no multi-nationals will touch you with a pair of tongs; on the other side it is said that they will come and swallow you up and even the budgets of one or two of them are larger than your Union Budget.

SHRI INDRAJIT GUPTA (Midnapore):

They are half way now.

SHRI RANGARAJAN KUMARAMANGALAM: It is this half way which we hope would be such that it would give us development, it would bring us technology and it would not allow exploitation. If I have strengthened the MRTP Act, let me tell you the ones who would be most worried are, in fact, the MNCs, because this MRTP Act is as strong as the anti-trust laws in their countries and they have realised that India is not for exploitation. India is a country where if they wish to

come to invest, use our talents, give us technological know how and assistance, we are there to welcome that but not for exploitation.

Madam, Chairperson, I would like to submit, through you, that various allegations in terms of ideology have been made. I would like to repeat and clarify that we have not diverted at all. We have been on the Nehruvian path; there has been total continuity of thought. From day one, we never spoke of a totalitarian State sector; we never did it. Even Panditji did not do it; Panditji was clear in his mind; he spoke of the mixed economy and he spoke of the public sector and its commanding heights and he also spoke of the private sector and its motive and incentive as the basis.

SHRI INDER JIT (Darjeeling): He was not rigid in his ideas

SHRI RANGARAJAN KUMARAMAN-GALAM: He was always fluid in his thought and he had even said that it would grow with time. Let us not be under the impression that the whole arena is full today where public sector has the percentage and private sector has that percentage and there is nothing left. On the country, if one takes the portions of what is possible growth, we have not even crossed 25 or 30 per cent in the industrial sector; vast areas are open. We are not saying that we are selling out what we have in the public sector to others. We have always said that if the public sector has to achieve its commanding heights, it must be viable. We have not spoken about liquidation; we have not even ever said that in any way the public sector should be demeaned. To say that only a viable public sector would really occupy commanding heights, I think, is not a statement that can be criticised by anybody. If I may submit, we have, for the first time, very categorically said that even the public sector would be covered by the MRTP Act. We have denotified; we have categorically gone on record to say that the public sector will also be expected to keep to

the same norms of fairness that we expect from all industry. Our public sector is matured and it has grown up to the level where the protection that it had, is not required; fair competition is exactly what is required.

Madam, Chairperson, if I may end, I would only like to say that this amendment which we have brought forward is basically with the objective to ensure that Indian industry grows, matures, becomes efficient competitive and is capable of meeting the challenges from all over the world.

MR. CHAIRMAN: At 4.30 p.m. we are scheduled to take up the discussion under rule 193 on the international situation. However, it has been suggested by the Minister of Parliamentary Affairs that we might first conclude the discussion on the present economic situation that we had been holding yesterday. So, do I have the consent of the House for that?

SEVERAL HON. MEMBERS: Yes.

16.35 hrs.

DISCUSSION UNDER RULE 193

Discussion Re. Present Economic Situation in the Country with Reference to the steep rise in Prices of Essential Commodities in recent months, deficit financing, foreign exchange crisis and the Conditionalities Sought to be Imposed by the International Monetary fund
 —CONTD.

[English]

SHRI PRITHVIHAJ D. CHAVAN (Karad): Madam Chairman, this debate on the economic affairs in the background of grave economic crisis has given us an opportunity for critical review of the economic policy announced by this Government.