E. C. No. 829

ESTIMATES COMMITTEE
(1975-76)

(FIFTH LOK SABHA)

EIGHTY-FIFTH REPORT

DEPARTMENT OF ELECTRONICS

Action taken by Government on the Recommendations contained in the Sixty-sixth Report of the Estimates Committee (Fifth Lok Sabha) on the Department of Electronics.

LOK SABHA SECRETARIAT
NEW DELHI

October, 1975/Asvina, 1897 (Saka)

Price : Rs. 1.60

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Page	Line	For	Read
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24	13 (from bottom)	Technological	Technology
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INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Estimates Committee, present this Eighty-fifth Report of the Estimates Committee on Action Taken by Government on the recommendations contained in the 66th Report of the Estimates Committee (Fifth Lok Sabha) on the Department of Electronics.

2. The 66th Report was presented to Lok Sabha on the 30th April, 1974. Government furnished the replies indicating the action taken on the recommendations contained in this Report on the 6th January, 1975. The replies were examined by the Study Group 'F' of the Estimates Committee at their sitting held on the 3rd September, 1975. The Draft Report was adopted by the Committee on the 10th September, 1975.

3. The Report has been divided into the following Chapters:—

I. Report.

II. Recommendations that have been accepted by Government.

III. Recommendations which the Committee do not desire to pursue in view of Government's reply.

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

V. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the 66th Report of the Estimates Committee (Fifth Lok Sabha) is given in Appendix to this Report. It would be observed therefrom that out of 83 recommendations made in the Report 64 recommendations, i.e., about 77 per cent have been accepted by Government and the Committee do not desire to pursue 5 recommendations *i.e.* about 6 per cent in view of Government's reply. The replies of Government to 5 recommendations *i.e.* about 6 per cent have not been accepted by the Committee. Final replies of Government in respect of 9 recommendations *i.e.* 11 per cent are still awaited.

NEW DELHI;
October 8, 1975.
Asvina 17, 1897 (*S*).

R. K. SINHA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

DEVELOPMENT OF ELECTRONIC INDUSTRY IN BACKWARD AREAS

Recommendations Sl. Nos. 17 & 18 (Para Nos. 1.147, 1.148 and 1.149)

The Estimates Committee had noted in paragraphs 1.147, 1.148 and 1.149 of the 66th Report (1973-74—Fifth Lok Sabha) that apart from making efforts to encourage the development of electronics in the States, the Department of Electronics was also keen to develop backward areas and to spread the electronic base out of metropolitan or industrial areas where the industry was mostly concentrated. In achieving this policy, the Department was using licensing as an instrument and preference was given to those applicants in the organised and small scale sectors who wanted to set up new units outside these areas. The Committee had stressed that in the Fifth Plan period particular emphasis had to be laid by the Government on the development of backward areas and areas outside the metropolitan and industrial cities by providing incentives and concessions for setting up industries particularly in small scale sector in those areas with a view to narrow down the regional imbalances as far as possible. The Committee had suggested that Government should take positive initiative in the development of the electronics industry in such areas by setting up public sector units in electronics so as to encourage ancillary industries to grow round them.

2. While noting the recommendations/observations of the Committee, the Department of Electronics have stated as follows:—

> "The Department welcomes special incentives being provided in backward areas. This is, however, a policy matter handled by the Ministry of Industrial Development in consultation with the Planning Commission and the Ministry of Finance and implemented through the State Governments. The Department, however, is keenly conscious of the possibility of using electronic industry as a vehicle for the development of the region to narrow the existing regional imbalances."

It has further been stated by the Department that:—

> "The location of public sector undertakings is determined largely by techno-economic considerations. Other things being equal, however, the Department will certainly favour a backward area for locating such units as recommended above."

3. The Committee agree with the observations of the Department that providing incentives for the growth of the industry in the backward areas in the country is a policy matter to be handled by the Ministry of Industrial Development in consultation with the Planning Commission and the Ministry of Finance and implemented through State Governments. They also agree that the location of public sector undertakings is determined largely by techno-economic considerations.

4. However, reiterating the view expressed by them in their original Report, the Committee would like to emphasise that although general policies in these matters are to be handled by the Ministry of Industrial Development in consultation with the Ministry of Finance and Planning Commission, positive incentives and suggestions must emanate from the Ministry/Department directly responsible for a particular field of activity. Thus in the case of Electronics Industry, it is for the Department of Electronics which is the nodal Department in the field of electronics, to take positive initiative in setting up public sector undertakings in such areas, subject of course, to the minimum technological requirements in the setting up of such units.

5. The Committee would, therefore, like to know in due course, the concrete steps taken or proposed to be taken by the Department of Electronics in this direction in implementation of the recommendation of the Committee.

T. V. Prices

Recommendation Sl. Nos. 26, 28 and 29 (Para Nos. 2.55, 2.56, 2.57, 2.58, 2.59 and 2.60)

6. In paragraph 2.55 of the 66th Report (Fifth Lok Sabha) the Committee had observed that if the marketing base for the TV had to be broadened by making it available within the reach of the common man, intensified research and developmental efforts would have to be made for greater indigenisation of components to bring down the manufacturing cost and to achieve a break-through

as had happened in the case of Radio. The Committee had, therefore, urged upon Government to take effective steps to improve its technology and to reduce its manufacturing cost.

7. In paragraph 2.57 the Committee had noted that one of the major elements contributing to the high price of T.V. set was taxation i.e., customs duty, excise duty, sales tax etc. The Committee had, therefore, recommended that Government should examine the question of rationalisation of customs duty on imported material needed for the manufacture of T.V. receivers, excise duty and sales tax on T.V. in the interest of making available moderately priced indigenous T.V. sets, to create a larger market for T.V. sets.

8. Again in paragraphs 2.58, 2.59 and 2.60 the Committee had noted that increase in the price of T.V. was also due to increase in the price of picture tubes manufactured by BEL by* Rs. 140 per tube due to change in the categorisation in regard to the levy of customs duty on the import of glass bulbs. The Committee had further noted that the question of indigenous production of glass bulbs, the main component of the picture tubes, was also under consideration and that no decision had thus far been taken in the matter in view of high internal cost of production if the capacity set up was half the economically viable capacity. The Committee had, therefore, desired that Government might take suitable steps in this regard as early as possible, keeping in view the need to reduce the cost of T.V. sets so as to make them comparable to those prevailing in other countries. The Committee hoped that with concerted measures by both Government and the industry, it should be possible to drastically reduce the price of T.V. particularly when the labour costs in the country were far cheaper as compared to other countries.

9. In reply, the Government have stated that the high price of T.V. set was due to the excise duties levied as also the high tariff on imported components and materials. According to the Department's estimates nearly 40 per cent of the total retail cost of T.V. Receiver was due to various taxes and duties levied at several stages of production. The Committee have been informed that the

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*It has been stated by the Department of Electronics at the time of factual verification that:

> "There has been a further change since the Estimates Committee examined the Department of Electronics and the current position is that the increase has gone up to Rs. 160/-."

whole subject of rationalisation of customs duty on raw materials and finished products is being studied by the Department.

10. As regards indigenisation of production of glass bulbs which is the main component of the picture tubes, Government have stated that the matter is under active consideration.

11. The Committee are constrained to observe that no concrete measures have been taken so far by Government towards bringing down the prices of T.V. sets in respect of the two main factors contributing towards high prevailing prices viz. rationalisation of customs duty on raw materials and finished products and high internal cost of production of glass bulbs, the main component for picture tubes. Decisions on both these questions are still pending with Government. The Committee would, therefore, reiterate their earlier recommendation and urge Government to take an early decision in regard to both these matters with a view to reducing the prices of T.V. sets in the interest of broadening the marketing base for T.V. making it available within the reach of the common man and making the prices comparable with those prevailing in foreign markets.

Implementation of recommendations

12. The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

13. The Committee also desire that further information where called for in respect of recommendations included in Chapters II and V of the Report may be intimated to them expeditiously.

CHAPTER II

Recommendations that have been accepted by Government

Recommendation (Serial No. 1, Para 1.11)

The Committee note that there has been a steady growth of the Electronics Industry in India since Bhabha Committee made its recommendations in 1956. The total Electronics production has increased from Rs. 30 crores in 1964-65 to Rs. 206 crores in 1972-73 which amounts to about 7 times the production in 1964-65. Production of equipments has also risen from Rs. 26 crores in 1964-65 to Rs. 162 crores in 1972-73. Similarly the production of components has also shown an eleven fold increase during the same period.

Reply of Government

Noted.

(O.M. No. 1/4/74-Parl. dated 6-1-75)

Recommendation (Serial No. 1, Para 1.12)

In spite of these strides, however, the initial momentum of growth in the entertainment electronics has not been maintained from 1970-71 onwards. Having attained a level of Rs. 80 crores of production of entertainment equipments in this sector in 1970-71 it has dropped down to Rs. 55 crores in 1971-72 and Rs. 65 crores in 1972-73. Even allowing for the change in the mode of computation, it is obvious that the growth rate has slowed down in the last three years. The country is also lagging in the target put forth by the Bhabha Report regarding components. The production in this sector is likely to be less than the Rs. 84 crores envisaged in that Report.

Reply of Government

As the report has pointed out the sudden drop in the production level in 1971-72 (Rs. 55 crores) as against 1970-71 (Rs. 80 crores) is due to the fact that the latter refers to retail prices, while the former uses ex-factory values as the more standard basis of computation. However, it is conceded that the growth rate of consumer electronics registered in the previous three years could not be maintained due primarily due to the increasingly difficult economic

position, which has increased customer reluctance to purchase an item like the radio receiver. Most of the small and medium enterprises manufacturing radio receivers have been finding it difficult to market the production. The Electronics Commission is largely concerned with production, technology and R. & D. inputs into the industry; however, it is also currently, examining as to how best to assist the industry in its marketing aspects.

(O.M. No. 1/4/74-Parl. dated 6-1-75)

Recommendation (Serial No. 1, Para 1.13)

In view of the fact that the industry occupies a key position in development of modern science and technology and is destined to play a vital role in the field of Atomic Energy, Communications, Defence, Education, Entertainment and Space Technology and in view of its increasing importance in monitoring and control of production processes in the key industries, the Committee feel that it is essential that a balanced and accelerated growth of this industry is ensured.

The Committee welcome the constitution of the Electronics Commission and the Department of Electronics to achieve these goals.

Reply of Government

Noted.

(O.M. No. 1/4/74-Parl. dated 6-1-75)

Recommendation (Serial No. 2, Paras 1.41, 1.42, 1.43, 1.44, 1.45, 1.46 and 1.47)

The Committee feel that generally an effective developmental work has been done in the field of electronics in the Public Sector Undertakings and sophisticated equipments and components are being manufactured within the country with indigenous know-how. For example, B.E.L. has come a long way in indigenising an appreciable part of its components. Out of 40 collaborations, 20 have already expired and have not been renewed. Most of the remaining collaborations will also expire in the next five years. The variety of equipments being manufactured by B.E.L. is increasing and most of them have been developed indigenously. B.E.L. is understood to have substantial programmes for R & D also. A number of sophisticated defence items for army, air-force and navy have also been

produced in B.E.L. factories. In the field of components also, they have programmes for development of integrated circuits, discrete and monolithic types. The entire production of E.C.I.L. on the other hand is based on the know-how developed indigenously either in-house or in B.A.R.C. with the exception of a small elements in antenna systems.

As regards Indian Telephone Industries the collaboration for manufacture of strowger type of telephone exchanges has expired 12 years ago and the collaboration agreement for crossbar telephone switching equipment entered into in 1964 has also been terminated in 1973. The Telecommunication Research Centre/I.T.I. has also important contribution to its credit like development of open wire carrier system, coaxial cable and microwave links, automatic telex exchange and remote control equipment for Railways etc. Some more development and manufacturing projects are in hand. Similarly Hindustan Teleprinters which started the manufacture of teleprinters with foreign technical collaboration in 1962, has since terminated the collaboration and has developed a second generation teleprinter and electric typewriter on its own.

In Defence area also, there is some progress in the field of antenna and troposcatter equipment and multiplex equipment etc.

In satelite communication system also some equipment for the Earth Satelite Station at Arvi is being imported. However, all the equipment required for the Satelite Instructional Television Experiment (SITE) will be produced with indigenous know-how. Some competence is also reported to have been acquired in the radar area although of relatively simple types and in the next generation of transponders. Some headway is also being made in the signalling equipment for the Railways.

Whereas on a general view, the Committee recognise that an impressive developmental work has been carried out in manufacture of sophisticated equipment in the field of electronics in the Public Sector Undertakings, there has been insufficient progress in the field of defence electronics. In high power systems and avionics even after ten years of production under foreign collaboration, the value of licenced production which was 98 per cent till 1972-73 will come down to 90 per cent only by 1974-75, as a result of the development of indigenous know-how.

While the Committee realise that the progress in the highly sophisticated fields has necessarily to be slow, it has to be recog-

nised that this is really the most vulnerable area from the point of view of defence. It is, therefore, of urgent importance that the next few years are devoted towards development and production of sophisticated components of the next generation particularly in this strategic field and in systems design.

The Committee recommend that an integrated well-coordinated and time-bound programme may be drawn up for achieving self-reliance in these strategic fields.

Reply of Government

Considerable competence has been built in Defence Electronics in the Defence and National Laboratories as well as public-sector undertakings over the last few years. The successes achieved include significant developments in the area of missile electronics, avionics and high-grade components. Efforts will have to be concentrated in the next five years on the development and production of sophisticated components and materials which constitute the most important single bottle-neck for producing professional equipment. The volume of requirements in many cases for strategic items is small rendering indigenous production highly uneconomic. There is, therefore, need to standardise user components. For this purpose, an equipment profile is to be drawn up from which a component profile could be derived. The next step is to standardise components so as to determine those items where the quantities involved are large enough to set up indigenous production.

Discussions are being held in the Ministry of Defence as well as in the Technical Panels set up by the Electronics Commission on the development and production of Electronics Components and materials. These involve a multi-disciplinary approach to circuitary, human engineering and environmental endurance. A National Radar Council has also been set up for achieving self-reliance in the field of Radar. Support for a number of R&D project is being provided by the Technology Development Council of the Electronics Commission. A Defence Electronics Committee has been constituted to review total requirements of Defence for these items. A short-term R&D Plan for aeronautics has been prepared by a Committee constituted by the Aeronautics Board under the Ministry of Defence. This Committee has envisaged the development of Aeronautical Systems at a cost of Rs. 30 crores during the next 5—7 years. The DRDO has also plans to develop a variety of equipment in missile Electronics over the next five years. An R&D Plan for Defence for 1974—79 has been drawn up to indicate specifically

projects to be undertaken by the various Defence laboratories in the Fifth Five Year Plan.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 3, Para 1.48)

The Committee agree that there are certain areas in electronics which due to their strategic importance, economies of scale and sophisticated technology are to be earmarked to the public sector. The Committee would like Government to remind the public sector units of their responsibility to set up ancillary industry and to extend every assistance to the small scale sector in the interest of broad-based development.

Reply of Government

The Department of Electronics is taking action to impress upon the public-sector undertakings in the field of Electronics the need to encourage and assist ancillary units.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 4, Para 1.54)

The Committee note that no integrated approach has been followed heretofore for the development of the Electronics Industry taking the public and Private sectors together and on three tier basis, *i.e.*, equipments, components and raw materials as recommended by the Bhabha Committee. The approach up till now essentially has been that of licensing project by project without attempting a balanced and integrated approach, resulting in uneconomic and imbalanced growth of the industry and continued dependence on foreign collaborations in various sectors. The Committee note that in Fifth Plan a balanced approach is proposed to be followed taking into account the different factors of growth. The Committee hope that with the setting up of the Electronics Department/Commission and the dynamic approach the Electronics industry will now be developed in an integrated manner and on more systematic lines.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 5, Para 1.55)

The Committee also note that the private enterprise has been reluctant to come forward to participate in a big way in most sectors

in Electronics industry except in the consumer electronics even though no restraints exist in most of these sectors except in the strategic fields of Defence and Communications under the Industrial Policy Resolution. The Committee understand that even in these fields the restraint is in regard to the end of products only and not on the components and sub-assemblies etc. There are enormous areas and wide opportunities in this field for the private entrepreneurs like industrial and medical electronics, components, computers etc. but they have shown little interest in these areas. The Committee would like Government to examine this matter in all its aspects to see how best the resources and capabilities both in the public and private sectors could be utilised in the interest of achieving planned production.

Reply of Government

The question of amending the Industrial Policy Resolution suitably so as to assist in the rapid growth of Electronics is under examination of the Electronics Commission. However, a start has been made in broad-basing the public-sector in Electronics by involving state promotional agencies such as the state Industrial Development Corporations and the State Electronics Development Corporations. These institutions are now being issued letters of intent for items reserved in the public-sector so that there is dispersed growth of Electronics throughout the country. The wide range of opportunities available to the private sector in the Fifth Plan period have already been made clear in the Fifth Plan for Electronics as published in the Journal of the Electronics Commission. This has clearly laid down vast areas such as Industrial Electronics, Electronic Data Processing Equipment, Medical Electronics and Electronic Components which are open to the private-sector. Promotional measures for encouraging the growth of electronics in these areas both in the public and private sectors are currently under the consideration of the Electronics Commission.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Comments of the Committee

The Committee would like to know the concrete measures taken for encouraging the growth of electronics in such areas as Industrial Electronics, Electronic Data processing equipments, Medical and Electronic components which are currently under consideration of the Electronics Commission.

Recommendation (Serial No. 8, Para 1.76 and 1.77)

The Committee feel that in order that the electronics industry could move in an integrated manner, it is essential to have system groups in every major user department like Defence, Atomic Energy, Space, Communications, Steel and Railways etc. who are in a position to perform the following tasks on a continuous basis:—

(i) Technological forecasting for the needs of users, keeping in view the new technological trends;

(ii) Analysing major systems into sub-systems, equipment, components and raw materials;

(iii) Monitoring the progress of specific products through various stages of the innovation chain starting with development through batch production or full scale production

The Committee note that such groups/cells are already being introduced to some extent, such as Radar and Communication Project Office and the National Radar Council. Some other Ministries are also moving in the matter. The Committee recommend that such groups should be set up in all the major user industries with a view to helping the Ministries as also the supplier undertakings in monitoring the progress of the specific products through various stages of innovation chain and analysing the major systems into sub-systems, equipments, components and raw material as also keep an eye on the futuristic requirements of the Ministries concerned. The Committee would, therefore, urge the Electronics Commission to provide the necessary initiative in this regard and help the Ministries/Departments to set up such groups in a systematic way. The Committee would also urge the Ministries|Departments concerned to initiate necessary steps in this direction in their own interest and in the interest of the future of the industry as a whole.

Reply of Government

The recommendations made above are broadly acceptable. However, it may be stated that Systems' Application Groups are already functioning in Departments like the Atomic Energy, Defence, Space and Communication. There is need for similar groups to be set up in the areas of Railways, Steel, Oil etc. One of the important difficulties in this regard is the matter of finance as already explained in oral evidence before the Estimates Committee. The Department of Electronics, however, takes the opportunity to assist every user Ministry in preparing comprehensive plans for the future, so as to determine the requirements in terms of equipment sub-assemblies

and components to meet future needs. Such promotional activity will be undertaken increasingly in future as recommended above.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Comments of the Committee

The Committee would ,however, like to stress that the Department of Electronics should take initiative in the matter and help the user Ministries to prepare comprehensive plans.

Recommendation (Serial No. 9, Para 1.99)

The Committee appreciate the interest and zeal with which the Electronics Commission have been collecting the information in regard to the long-term and short-term requirements from important users of equipments with specifications on the basis of a continuously interactive process. They also note the efforts made in this direction by constituting a Task Force on Tele-communications and Electronics under the chairmanship of the Chairman, Electronics Commission and with Members drawn from user agencies. Based on this exercise, a programme for the development of Electronics during the Fifth Five Year Plan has been prepared and a 10-year profile for electronics drawn up. Further more, both one time as well as standing mechanisms have been and are being instituted sectorwise to ensure coordinated efforts in this direction in areas like Defence, Telecommunications, computers, Railways, Home Affairs, Mass Communications, Space and Atomic Energy through meetings, panels and other efforts.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial Nos. 9, 10 and 11, Paras 1.100, 1.110, 1.111 and 1.112)

The Committee note that since information collected by IPAG from user agencies by means of questionnaires etc. is not mandatory, they have to depend heavily on the D.G.T.D. The Committee note, however, that the information obtained by D.G.T.D. which is on a mandatory basis, is available to other departments only in a consolidated form. Since it may not be desirable to obtain information through a number of agencies, the Committee recommend that ways and means may be found after mutual discussions to make

available the requisite information to the I.P.A.G. and if necessary, to other user Ministries also to meet their requirements. The Committee need hardly emphasise that the meaningful information thus made available to the I.P.A.G. will help them in making a more scientific and realistic assessment of electronics in the country which is a pre-requisite for sound planning.

The Committee note that the Department of Electronics have no information regarding the number of units engaged in Electronics production in different States and sectors *i.e.* small scale, large scale etc. and the value of their production. It need hardly be emphasised that this is the basic information for a proper assessment of the real status of the industry in different sectors and in different parts of the country as also of the precise overall picture of the industry in the country and its requirements. The Committee suggest that adequate arrangements should now be made for the collection of such information on a regular basis.

The Committee note that detailed information about the electronic items imported in the country is not available with the Department of Electronics. They note that the 'Monthly Statistics of Foreign Trade of India' published by the Directorate of Commercial Intelligence and Statistics, gives import data in broad terms only (*e.g.* computers, components, instruments etc.) It does not give detailed information about imported items like diodes, digital voltmeters, integrated circuits etc. Moreover, from the existing statistics regarding imported electronic items, it is not always possible to differentiate between electrical, electronic and electromechanical equipment. The Committee note that the I.P.A.G. is attempting to collect the detailed information about the import of electronic items by deputing their staff at the various custom offices.

The Committee need hardly emphasise that for a purposeful planning, for the development of electronics industry, it is absolutely essential that detailed information regarding the electronic items imported at present, is available. In the opinion of the Committee, such a detailed information would be very useful as it would enable intending entrepreneurs to decide about the starting of an industry to produce an item which is being imported at present and thus would help import substitution efforts in a positive way. The Committee recommend that effective measures should be taken by Government immediately to ensure that detailed information about imported items not only in the electronics field but in other fields also is available to the public, to enable them to go in for import substitution in a meaningful manner.

Reply of Government

The recommendations made above are acceptable. Cells have been constituted at Madras, Bombay, Calcutta and Delhi so as to collect the information on a systematic basis. A Panel has also been set up with members from the various Departments concerned so as to recommend an institutional mechanism, which will ensure a smooth and continued flow of information.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Comments of the Committee

The Committee would like to know in due course the institutional mechanism evolved in implementation of the recommendation to ensure a smooth and continued flow of information.

Recommendation (Serial No. 12, Para No. 1.113)

The Committee would also like Government to ensure that there is no delay in the publication of the 'Monthly Statistics of Foreign Trade of India' containing detailed and meaningful information. The Committee would like Government to take all necessary measures to streamline and rationalise the compilation and timely publication of this information.

Reply of Government

Government agree with the Committee's observations. With a view to achieve this objective, the Ministry of Commerce set up a Committee under the Chairmanship of Dr. B. S. Minhas, to examine the system of compilation of foreign trade statistics and to look into the working of the office of the Directorate General of Commercial Intelligence and Statistics, Calcutta. The system of compilation recommended by this Committee has been introduced Recommendations regarding Customs and DGCI&S office has also been accepted and implemented.

Recommendation Serial No. 14, Para 1.122)

The Committee note the efforts made by the Information, Planning and Analysis Groups of the Electronics Commission towards formulating plan for the electronics industry on a long term basis by analysing various aspects of the Electronics Industry in different sectors by updating the Bhabha Committee Report. The Committee also note that practically all the documentation towards up-dating

the Bhabha Committee has been completed somewhat like Bhabha Committee but the information has not so far been consolidated in a single volume pending a decision by the Parliament on the Fifth Plan. The Committee hope that the whole analysis will be consolidated and published at an early date.

Reply of Government

The up-dating of the Bhabha Committee Report has been completed and is presently under print. There has been a slight delay in the release of the report, due to the shifting of the officers of the Electronics Commission from Bombay to New Delhi.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 14, Para 1.123)

They also note that the Reports produced by the technical panels appointed for the purpose have proved of practical utility as in the light of the information contained therein it has been possible to dispose of various licensing applications.

Reply of Government

The reports prepared by the Technical Panels as well as the Information Reports are being published in the Journal brought out by the Electronics Commission. Policy guidelines based on the reports are also being prepared and will be widely publicised in the Journal.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 15, Para 1.144)

The Committee are glad to note that the Department of Electronics has taken initiative in a number of the States to encourage development of electronics industry. In Kerala a separate Kerala State Electronic Development Corporation has already been set up and proposal for a functional Estate near Trivandrum is under consideration. In West Bengal Electronics Development Corporation has already been set up and a Testing and Development Centre is being considered. In U.P. a proposal is being formulated for the development of an Electronic Development Corporation. In Tamil Nadu also a special functional Estate in Madras for instrumentation and Electronics is being set up in the name of Instronics Estate. Similarly proposals of Electronics Estates are being considered in Rajasthan at Jaipur, in Punjab near Chandigarh and in Maharashtra. In Bihar also a comprehensive development programme for Electronics is being formulated in consultation with a

high level consultant. As many as 8 to 10 Testing and Development Centres are expected to be set up during the Fifth Plan period for which Rs. 3 crores have been allocated.

Reply of Government

Noted

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 15, Para 1.145)

The Committee have no doubt that sustained efforts will be made by the Department to assist the remaining States to set up electronics industries in their areas so that the electronics industry is dispersed all over the country. The Committee are of the view that in the States where these centres|estates are not feasible due to inadequacy of infrastructural facilities, a suitable central place may be selected for development of the centre to cover the continuous areas forming a block for the development of the electronics industry in these areas.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 16, Para 1.146)

As regards allocation to be made in Fifth Plan for this purpose, the Committee feel that the position may be reviewed at the time of mid-term appraisal of the Plan and additional funds made available, if considered necessary, according to the progress made in the development of the electronics industry.

Reply of Government

A mid-term review will be conducted to determine whether additional funds are required for implementing the programme.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 19, Paras 1.163 and 1.164)

The Committee note that although production of some items is being farmed out to ancillary units by some Public Undertakings the

progress in this regard is far from satisfactory. There has been some disinclination on the part of some large undertakings to farm out components, assemblies and sub-assemblies to outside agencies and a tendency exists to do everything in-house. The main reasons for this situation are stated to be untimely deliveries and lack of consistency in quality. Difficulty also arises in the case of undertakings dealing with professional equipment where tolerances are very rigid. In such cases these undertakings find it difficult to farm out the items to the ancillary units.

The Committee agree with the views expressed by the evaluation Teams set up to go into the production programmes of B.E.L. and I.T.I. that ancillary development is not only a social obligation but also a sound economic proposition, in the ultimate commercial interests of the undertakings themselves, as among other things this minimises the capital risk involved and releases energy in terms of highly skilled manpower who could be more usefully engaged in other important production programmes. Moreover additional capacity for equipment manufacture bocomes available without sizeably adding to the plant and machinery and manpower. The Committee endorse the suggestions made by the Evaluation Teams for the development of ancillary industries on sound lines. They hope that these suggestions will be implemented at an early date. The Committee recommend that energetic measures should be taken to identify suitable items at present being manufactured in Public Sector Undertakings and organised private sector undertakings which could be farmed out to ancillaries profitably with a view to accelerate the growth of ancillary industries around electronic undertakings.

Reply of Government

The Department accepts the recommendations made above and attaches great importance to the development of the ancillary sector in electronics. The Department has held consultations with the Development Commissioner, Small Scale Industries who is deputing a team of officers drawn from several departments to visit each of the public sector undertakings where suitable items that could be farmed out to the ancillary sector are being identified.

It must, however, be pointed out that the ancillary sector is not necessarily confined to the small scale units. Even in the medium sector, a large number of components and sub-assemblies can be produced as intermediate products and ancillaries to the public sector. For this purpose specific ancillary estates have been set up adjacent to the public sector enterprises such as Bharat Electronics, Bangalore, Indian Telephone Industries, Bangalore, Electronics Corporation of India, Hyderabad, where State promotional agencies provide facilities for manufacture of items required by the present undertakings.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 21, Paras 1.195, 1.196, 1.197)

The Committee note that the Fifth Plan proposals for the Department of Electronics envisage an investment of Rs. 202 crores which is expected to generate a total production of Rs. 2300 crores during the Plan period. The Committee note also that these allocations will provide additional employment to 3.6 lakh persons. The annual production of electronic equipment and components which is around Rs. 200 crores at present is expected to go up to more than Rs. 650 crores by the end of the Plan period. Apart from that Rs. 20 crores have been allocated for Research and Development during the Fifth Plan.

The Committee, however, note that there has been a difference of opinion between the Planning Commission and the Department of Electronics in regard to allocations in the various fields. The major differences have been in regard to the allocations in the field of tele-communications and mass communication. Other fields of difference are activities relating to standardisation, research and development, Export Processing Zone, Regional Computers, semiconductors passive components and test and development facilities.

The Committee are greatly impressed with the potential of growth of electronics industry and would in particular like to draw attention to its employment potential, high capital formation capability etc., and would like Government and the Planning Commission to see that requisite funds are made available to this industry in the interest of achieving the targetted rate of growth. The Committee would like to be informed of the concrete measures taken by the Planning Commission/Government in implementation of the above recommendation.

Reply of Government

The Department has held continuing discussions with the Planning Commission in regard to the availability of funds for the various projects proposed to be undertaken by the Department of Electronics. Within the financial constraints now operating in Government, the Department has been able to secure funds for important items of the development programme so as to ensure as far as possible continued growth of the electronics industry.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 22, Para 2.25)

The Committee note that there has been a slowing down in the growth of consumer electronics during the last three years for a variety of reasons, such as:—

1. Erosion of buying power in the country during the last few years.
2. High cost of entertainment grade components and materials.
3. Difficulty in receving satisfactorily the more attractive programmes of All India Radio such as Vividh Bharati on the high power transmitters throughout the country.
4. Enough entertainment value is not found in the All India Radio Programmes.
5. Unsophisticated programmes on T.V.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial Nos. 22 and 23, Paras 2.26 and 2.27)

The Committee, feel that with a view to remove stagnation in consumer electronics, effective measures should be taken to lowering down the costs of these items and to make the radio and T.V. programmes popular, entertaining and instructive.

The Committee note that cost of components that go into production of certain consumer grade electronic items is high on ac-

count of certain components being imported. The Committee feel that indigenisation of production of these components will go a long way to reduce their cost for which determined efforts are needed. The Committee are of the view that a developmental plan should be drawn up and intensive efforts made to accelerate the pace of research and development in this field so as to enable indigenous production of these items in the shortest possible time.

Reply of Government

In so far as the software for Radio and T.V. is concerned, the matter pertains to the Ministry of Information and Broadcasting.

In regard to the cost, it may be pointed out that there would naturally have been a decrease in the prices due to the increased production and, hence, increased competition in the country. However, it must also be pointed out that the cost of components form a comparatively small percentage of the retail cost of these items. A considerable proportion of the retail cost is represented by the excise duty which are levied particularly in the case of TV receiver which is considered as a luxury item. Further the low volume of production in some cases such as picture tubes tend to increase their price with the consequent effect on the final price of the customer. The Department of Electronics, however, is engaged in an exercise through the Technology Development Council in promoting research and development programmes for production of high quality components whose volume of requirements is considered large enough to justify indigenous production.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 25, Para 2.29)

The Committee recommend that the Department of Electronics may take up with the Ministry of Information and Broadcasting the transmission of A.I.R. programmes of better quality on high power transmitters so that these could reach the larger rural audiences with a view to exploiting fully the vast potential of this market.

Reply of Government

The recommendation has been implemented.

[O.M. No. 1/4/74-Parl. dated 6-1-75]

Recommendation (Serial No. 25, Para 2.30)

The Committee need hardly stress that every endeavour should be made to accelerate the growth and development of consumer electronics in the country as they provide a strong base for the development of sophisticated and advanced electronics industry.

Reply of Government

The Department is fully in agreement with the above recommendation.

[O.M. No. 1|4|74-Parl., dated 6-1-1975]

Recommendation (Serial No. 27, Para 2.56)

The Commitee would also like the Department of Electronics to intensify research and development for the production of transistorised T.V. sets. They would further urge that effective steps should be taken to produce ruggedised T.V. sets so as to reduce their maintenance costs as also their frequent breakdowns.

Reply of Government

Fully transistorised T.V. sets are already being produced in the country and are available in the market. The ruggedisation of T.V. sets is also being undertaken by commercial manufacturers of T.V. sets.

[O.M. No. 1|4|74-Parl., dated 6-1-1975]

Recommendation (Serial No. 30, Paras 3.7, 3.8 and 3.9)

The Committee note that with a view to meet the demands in regard to Telecommunications, the manufacturing facilities in the country will have to be doubled during the Fifth Plan by setting up new plants and by achieving optimum production of installed capacity in the existing units and by ensuring a substantial Research and Development base in industries so that equipment manufactured is of current technology.

The Committee find that a number of new units are proposed to be set up with a view to augmenting existing capacities in such fields as switching equipment, exchanges, telephone instruments, transmission equipment, high precision measuring and testing equipment etc. The Committee hope that these measures will go a long way not only in meeting the internal demands but also to enable

exports to the tune of 10 per cent of the production of these equipments as envisaged in the Sixth Five Year Plan.

The Committee however desire that for the purpose of speedy development of these units a well-chalked out plan should be drawn up for implementation within the shortest possible time. A periodic review of the performance in this regard should be undertaken to find out shortcomings and for taking suitable remedial steps.

Reply of Government

Sanctions have already been issued by the Government for the factories at Rae Barielly and Palghat. Project Managers have been appointed to take action to set up these two factories. A Task Force has also been appointed to select a Switching system for the Rae Barielly factory during its second phase. A Project report for the third transmission factory is being processed in consultation with the Ministry of Finance and the Planning Commission.

A Study Group has also been set up by Government to suggest suitable sites for new factories for switching, telephone instruments, transmission equipment and digital control equipment to be set up under the Ministry of Communications.

A Standing Committee comprising of representatives of Ministry of Communications, P. & T. Board and the Telecommunication Research Centre has been set up to monitor the progress of the factories to be established during the Fifth Plan period.

The Department of Electronics maintains a continuous liaison with the Ministry of Communications, the P. & T. and the public sector agencies so as to ensure that expeditious action is taken to set up additional capacities to meet growing tele-communication requirements.

[O.M. No. 1|4|74-Parl., dated 6-1-1975]

Recommendation (Serial No. 31, Para 3.12)

The Committee note that the growth in the trans-receiver equipment area of professional equipments has been extremely poor and restricted. There has also been complaint from the Ministry of Home Affairs who have a significant demand projection for trans-receivers that their requirements are not being accorded due priority because B.E.L., which is producing this equipment are affiliated

to the Department of Defence Production and give preference to defence requirements.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl., dated 6-1-1975]

Recommendation (Serial No. 31, Para 3.13)

The Committee understand that the proposal of the Department of Electronics for setting up factories for the manufacture of transreceivers has been under the consideration of the Planning Commission. The Committee recommend that the whole matter may be re-examined and in case it is felt that more capacities are required for the manufacture of this equipment, expeditious steps may be taken to meet the requirements by creating the needed capacities.

Reply of Government

The matter is being examined by a Panel which has been constituted by the Electronics Commission. The Panel is required to go into the total question of the number of manufacturing units, the volume of demand, types of communication equipment, availability of know-how etc. Creation of further capacities will be considered in the light of the Panel's report.

[O.M. No. 1/4/74-Parl., dated 6-1-1975]

Comments of the Committee

The Committee may be informed of the result of the action taken on the recommendations of the Panel appointed by the Electronics Commission for creation of further capacities.

Recommendation (Serial No. 32, Para 3.20)

The Committee note that according to preliminary studies, an overall requirement of mass communication hardware in the country is to the tune of Rs. 50 crores during the Fifth Plan Period. The Committee are of the view that in order to establish indigenous production of the items being imported, it is necessary that a developmental plan should be drawn up and intensive efforts made to accelerate the pace of research and development to yield the maximum results in the shortest possible time.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl., dated 6-1-1975]

Recommendation (Serial No. 32, Para 3.21)

The Committee would like the Department of Electronics to prepare an integrated plan in consultation with the Ministry of Information and Broadcasting in regard to the indigenous production of radio and television studio and transmission equipment so that our country can become self-reliant in this sensitive area of mass media communication at the earliest. The Committee would like to be informed of the concrete measures taken in pursuance of the above recommendations within six months.

Reply of Government

The Technology Development Council has set up a Study Group for drawing up plans for indigenous production of Radio and TV Studios and transmission equipment so as to make the country self-reliant. The report of the Study Group is expected to be submitted shortly.

[O.M. No. 1/4/74-Parl., dated 6-1-1975]

Comments of the Committee

The Committee may be informed of the result of the Action Taken in pursuance of the Plans drawn up by the Study Group set up by the Technological Development Council for indigenous production of Radio and TV Studios and Transmission equipment.

Recommendation (Serial No. 33, Para 3.44)

The Committee note that the present indigenous computer manufacturing programme is largely based on imported peripherals and components. In this connection the Committee note that efforts are in hand to manufacture peripherals on outright purchase of know-how/licensed production. Simultaneously some initiatives have been taken for setting up facilities for manufacturing the components required for computers within the country.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl., dated 6-1-1975]

Recommendation (Serial No. 33, Para 3.45)

The Commitee note that it is anticipated that the country will be self-sufficient in respect of requirements for electronic calculators and mini-computers and also with regard to nearly 90 per cent of the medium sized computers by the end of the Fifth Plan. The Committee, also note that the requirements in respect of large sized computers and some sophisticated peripherals and components will continue to be imported even after the Fifth Plan. The Committee further note that in view of the difficulties regarding small requirements and large investments required for large sized computers concentration is for the present on small and medium size computers. However, the Committee hope that long range requirements in regard to large sized computers will be kept in view and necessary infra-structure and indigenous capability will be built up gardually to take care of the growing industrial needs.

Reply of Government

The long range plans in regard to the large size computers are currently being considered by a Working Group on Computers of the Technology Development Council.

(O.M. No. 1/4/74/Parl., dated 6-1-1975).

Recommendation (Serial No. 34, Para 3.46)

The Committee are glad to note that an assessment as regards idle capacity of computers in India has been made by the Evaluation Committee set up by the Department of Electronics for different regions. It was found that 25 per cent of the installations are working three shifts, about 40 per cent of computers are used for more than two shifts and on the whole the average level of utilisation of computer capacity available in the country amounts to eighty-four per cent and this has also been recognised by computer experts abroad. The Committee are also glad to note that with a view to ensure full utilisation of the computers available in the country, Electronics Commission has laid down a policy that all areas should first attempt to meet their in-house requirements through computers available in Indian market and additionally utilise the facilities available in Regional Computer Centres. The Commission has also laid down that the computers other than those available in the market through Indian manufacturing programmes will be regarded as an expensive item of import.

Reply of Government

Noted.

(O.M. No. 1/4/74/Parl. dated 6-1-1975).

Recommendation (Serial No. 34, Para 3.47)

The Committee are confident that these measures will ensure full utilisation of computer capacities available in the country and will not allow an avoidable strain on country's foreign exchange resources.

Reply of Government

Noted.

(O.M. No. 1/4/74-Parl. dated 6-1-1975).

Recommendation (Serial No. 35, Para 3.48)

The Committee find that at present the responsibility for computers is dispersed over various institutions and that there has been so far no integrated plan to intensify research in this area with a view to avoid overlapping to the extent possible. There is no denying the fact that with the growth of industrial development in the country, computers will have to be pressed into service in stages, keeping of course the overall national interest in view with particular reference to its impact on employment. The Committee consider that it is high time that Government entrusted the responsibility for research and development in computers to the Department of Electronics so that we have a meaningful long-term and well thought out programme of their development and manufacture within the country. The Committee have no doubt that the Department of Electronics would keep in view the export potential of computer industry while drawing up programme for its development and manufacture.

Reply of Government

The recommendation is broadly acceptable to the Department of Electronics. It will strengthen the efforts already being made by development and manufacture of computers in the country. Apart from the Technology Development Council, the Department is setting up a group to coordinate the development activities of various organisations with a view to building up export capabilities with the

E.E.C. and East European Countries. The establishment of Computers Maintenance Corporation is also under consideration of the Department. Regional Computer Centres are being set up at Calcutta, Delhi, Bombay to help in building up development of catalysing applications.

(O.M. No. 1/4/74/Parl. dated 6-1-1975).

Recommendations (Serial Nos. 36 and 37, Paras 3.53, 3.54 and 3.55)

The Committee note that there has been a general sluggishness in the industrial structure as a whole and that the factories prefer to plod on with their old plant and equipment rather than take the help of the Electronic methods. Whatever new manufacturing activities are being set up, these are being brought in as complete plants from abroad. Thus the local industrial electronics activity is unable to serve the industry.

In view of the great catalytic effect that the electronics have on the growth of the industry, the Committee suggest that the question of application of electronics methods in industry may be studied in depth with a view to popularise these methods for the rapid growth of industry in the country.

The Committee would like to impress that those who are entrusted with the responsibility of developing industrial electronics, should publicise their achievements and availability of equipments so as to enable industrialists to avail of them.

Reply of Government

The Department of Electronics is undertaking promotional efforts to bring about a greater awareness of the possibilities of using electronic techniques in industry. A grant of Rs. 15,000 has been provided to the Institution of Electronics and Tele-communication Engineers to hold a Symposium on Industrial Electronics in Bombay in December, 1974. A National Automation Control authority has also been proposed under the Fifth Plan so as to coordinate and encourage the use of electronics in a wide variety of industry such as steel, petro-chemicals, textiles, sugar, fertilizers, oil, etc.

(O.M. No. 1/4/74/Parl., dated 6-1-1975).

Recommendation (Serial No. 38, Para 3.61)

The Committee note that although Air Defence and Ground Environment System Project as orginally conceived in 1962, was to

be implemented with equipment and capabilities to be obtained from abroad, it was only in 1967 that it was thought to implement this indigenously. Later on in August, 1969 it was decided to assign the Data Handling Project to T.I.F.R. for implementation but the user specifications were being finalised in terms of new needs and possibilities. The Committee further note that the project was to be implemented in two phases. Although the first phase which demonstrated the capability of required software, has been completed, the second phase in which the hardware had to be developed, is progressing. The Committee feel that the second phase for the development of indigenous hardware for the project requires expeditious completion and, therefore, desire that urgent measures should be taken to see that indigenous capability in this regard is developed expeditiously.

Reply of Government

Data Handling project of ADGES allotted to T.I.F.R. is reviewed once in three months by a Committee on which the users, the system engineers, the development agency, the production agency and the Department of Electronics are represented. As per the latest review, indigenous hardware of the data handling system will be available for user evaluation early next year. A Programme-*cum*-Simulation Centre using equipment available in the first phase of the project is being set up. This Centre will enable tactical situations to be Simulated so that the corresponding system software is updated.

(O.M. No. 1/4/74/Parl. dated 6-1-1975).

Recommendation (Serial No. 39, Para 3.64)

The Committee note that progress in regard to the manufacture of production equipment needed for electronics industry in the country, is negligible and the industry has naturally to depend on imports. The Committee would like the Department of Electronics to take a lead in this key area by drawing up a workable plan for manufacture of production equipment in the country. The Committee need hardly stress that the requisite research and development support should also be made available for this programme. In the context of the projected industrial growth in the Fifth Plan, the Committee feel that concerted efforts should be made with the help of industry to develop this capacity within the country so as to save on imports and develop self-reliance.

Reply of Government

A provision of Rs. 2.2 crores has been made for the custom production of capital equipment|production equipment in the Fifth Plan of the Department of Electronics. A Penal is being set up for working out a detailed plan of implementation for producing such equipment so as to reduce imports as far as possible. Two projects for the custom manufacture of equipment have so far been financed by the Technology Development Council. The D.G.T.D. has also publicised a list of capital equipment required for the electronics industry.

(O.M. No. 1/4/74/Parl., dated 6-1-1975).

Recommendation (Serial No. 40, Para 4.22)

The Committee note that there has been an impressive increase in indigenous production of electronics components during the last ten years. Whereas in 1960, 90 per cent of the requirements of components were met from imports, nearly 80 per cent of the requirements of components are now being met indigenously. Production of components has increased from 5 lakh rupees in 1960 to about 449 lakh rupees in 1973-74.

Reply of Government

Noted.

(O.M. No. 1/4/74/Parl., dated 6-1-1975).

Recommendation (Serial No. 40, Para 4.23)

The Committee, however, note that as against the demand of components worth Rs. 569 crores during the Fifth Five Year Plan, the indigenous production will be worth Rs. 452 crores thus leaving, a gap of Rs. 117 crores which will be met by imports. In addition there will also be demand for export which has not been taken into account in this assessment. The Committee wish to point out that the increase in the indigenous production of components compared to the total requirements at the end of the Fifth Plan will be marginal i.e., about 5 per cent. Whereas currently 80 per cent of the requirements are being met indigenously, by the end of the Fifth Plan indigenous production will meet 85 per cent of the requirements.

Reply of Government

Noted. It may also be pointed out that Electronics is a fast moving technology involving rapid changes. Hence, even to maintain the same degree of indigenisation, considerable back up of R & D effort is required. Further, it becomes progressively more

difficult to step up the percentage of indigenisation after a certain level.

(O.M. No. 1/4/74/Parl., dated 6-1-1975).

Recommendation (Serial No. 40, Para 4.24)

The Committee feel that in the interest of accelerating the pace of developing electronics industry in the country, it is imperative that we have an integrated approach towards the development of component industry in the country. The Committee note that the profile of the Five Year Plan prepared by the Task Force and IPAG has already identified the areas, such as microwave components, control components, special electronic tubes, semi conductor devices which need to be developed on urgent basis. Besides, there is the important area of system designing in which the country has to make significant development. The Committee are inclined to agree with the view of the Department of Electronics that it would be better if the capacity for manufacturing the above components are developed in the existing undertakings, with suitable expansions|installation of balancing equipment etc., so as to minimise the time taken for development. The Committee have no doubt that in accordance with the Government's policy of developing ancillaries and small scale industries, a systematic effort would be made to farm out the manufacture of components to these units in a planned and systematic manner. It should also be ensured that components produced come up to the standard quality and meet the requirements in full.

Reply of Government

The recommendation is accepted.

(O.M. No. 1/4/74/Parl., dated 6-1-1975).

Recommendation (Serial No. 41, Para 4.25)

In a separate Chapter on Research and Development, the Committee have stressed that meaningful and integrated plan of Research and Development is prepared in the interest of attaining self-reliance at the earliest. The Committee consider that research and development efforts need to be specially intensified in the area of manufacture of components. The Committee need hardly stress that where technology is not developed in the country for undertaking large scale manufacture, the question of purchasing know-how as has been done by the other countries which have achieved phenomenal progress in Electronics, should be considered urgently so as not to lose any further time in the establishment of capacity

for manufacturing these components within the country which provide the essential base for expansion of electronics industry.

Reply of Government

The Department is completely in agreement with the recommendation.

(O.M. No. 1/4/74-Parl., dated 6-1-75).

Recommendation (Serial No. 42, Para 4.26)

The Committee note that indigenous industry is still lagging in the production of professional grade components. They urge that strenuous efforts should be made to achieve self-reliance in this field to the extent possible by concentrating on items which require urgent attention. Efforts will also have to be made to identify such areas on a continuous basis and remedial measures taken from time to time.

Reply of Government

Noted.

(O.M. No. 1/4/74-Parl., dated 6-1-75).

Comments of the Committee

The Committee would like to be apprised of the steps taken to achieve self-reliance in the production of professional grade components.

Recommendation (Serial No. 44, Para 4.28)

The Committee while noting that integrated circuits technology has brought in its train, great advantages like economics in design time, inventories and costs, the transition to the new technology is slow. The Committee desire that concerted efforts may be made to accelerate the pace of development in this field and to create indigenous capability in this regard in the shortest possible time by drawing up a well-chalked out plan for the purpose.

Reply of Government

The Department will endeavour to fully implement the recommendation.

(O.M. No. 1|4|74-Parl., dated 6-1-1975).

Recommendation (Serial Nos. 45 and 46, Paras 4.39 and 4.40)

The Committee note that I.S.I. and the Defence Organisation are doing considerable work in the areas of standardisation but most of this work remains on paper only because until recently a significant part of the electronics industry in the country was based on items, produced under licence or collaboration. In view of the large diversification achieved in the production electronics items in the country, the Committee feel that urgent measures are called for to evolve definite policies for standardisation of electronics components and equipment to the maximum extent possible at the earliest in the interest of economy and large production. The Committee note that Electronics Commission propose to set up a Technical Panel on standardisation to go into the whole question of standardisation in electronics. The Committee hope that adequate care will be taken while formulating standards to see that these standards conform not only to I.S.I. but as far as possible, to DIN, IEC and MIL specifications also so that electronics items produced in the country are accepted in the international markets and result in larger exports. Emphasis is also to be laid on the interchangeability of components and on performance requirements.

The Committee are not happy to note that the problem of standardisation did not receive the special attention of Government all these years that it deserved. The Committee note that it has now been decided to set up a Technical Panel to suggest the guidelines for standardisation in electronics industry. The Committee desire that this panel should draw up standards by a specified time so that these are available for implementation during the course of the 5th Plan. The Committee need hardly stress that there should be arrangement for review of the standards from time to time in the light of experience gained within the country and latest developments in the field in other countries.

Reply of Government

A technical panel on Guidelines for Standardisation set up by the Electronics Commission in December, 1973 is currently examining the specifications with a view to minimising diversity of items so as to optimise scales of production and also have wide international acceptance. The Panel will bear in mind the suggestion made in the above recommendation.

(O.M. No. 1|4|74-Parl., dated 6-1-1975).

Recommendation (Serial No. 48, Para 4.54)

Government may also examine the question of having adequate buffer stock with a view to ensure easy availability of materials and to obviate losses resulting from escalating prices and other factors, till an adequate demand level for materials is reached to justify the setting up of a plant for the production of these materials in the country.

Reply of Government

The Electronics Trade and Technology Development Corporation which has just been set up will enable action to be taken in this regard.

(O.M. No. 1|4|74-Parl., dated 6-1-1975).

Recommendation (Serial No. 49, Paras 4.62 and 4.63)

The Committee note that import of components and materials for electronics is at present organised on the same basis as for other industries. The Committee note that under these arrangements it is often not possible to make the maximum use of foreign exchange allocations to individual firms as sometimes the required materials/components are not available in the country in respect of which the foreign exchange allocation is available. Also the prices charged in individual cases are much higher than those charged on bulk purchases particularly as compared to those obtained on global tender basis. The problem is particularly significant in case of purchases required to be made from East European countries who, in view of their planned economies, are required to be intimated of the requirements well in advance.

The Committee welcome the proposal for setting up of Electronics Trade and Technology Development Corporation to handle the procurement of materials from within the country and for imports from abroad and stockpiling these materials to avail of the benefit of bulk purchase and to relieve the entrepreneurs of their individual efforts in this behalf and above all to ensure timely availability of the special grade materials suitable for electronics industry. The Committee would like Government to consult the trade and industry while setting up this corporation so as to have the benefit of their views and experience.

Reply of Government

The Electronics Trade and Technology Development Corporation has been registered on 8th August, 1974 at New Delhi and has

just commenced operations. The Board of Directors of the Corporation are drawn from Government, public sector, consultancy organisation as well some autonomous institutions like the National Productivity council. The Managing Director of the Corporation has been drawn from the public sector. The Corporation will keep in close touch with recognised associations on industries and its operations will be discussed at the forth-coming meeting of the National Advisory Committee on Electronics.

(O.M. No. 1|4|74-Parl., dated 6-1-1975).

Recommendation (Serial No. 50, Para 4.64)

The Committee would however like to stress that the proposed Corporation should be organised in such a manner that it has the minimum staff so that its overheads and administrative costs are kept to the minimum and the materials supplied by it to the electronics industry are at the most competitive prices.

Reply of Government

Noted.

(O.M. No. 1|4|74-Parl., dated 6-1-1975).

Recommendation (Serial No. 51, Para 5.10)

The Committee are convinced that in the interest of achieving best results and investment of resources it is imperative that the Department of Electronics/Electronics Commission should be considered as the nodal authority for coordinating an integrated programme for research in this vital field of Electronics. The Committee note that Government are already thinking on the above lines and have set up Technology Development Council as an advisory body to the Electronics Commission having scientist representatives from all leading research institutions, like national laboratories, universities, educational institutions, industry etc. The Committee would like this Council to prepare a profile for R&D in electronics during the next three years/five years as also a programme for each of the years of the 5th Plan. The Committee suggest that highest priority should be given in research for such areas where at present we are dependent on imports so as to achieve self-reliance at the earliest and save precious foreign exchange. The Committee need hardly stress that overlapping of research projects should be avoided as far as possible. The Committee would also like the research and development effort to be closely linked to the requirements of production so that the processes and know how developed can be

put to use in the interest of expanding manufacture within the country. The Committee would further suggest that there should be a time bound and expense bound research programme so as to have a regulatory system for research.

Reply of Government

Noted. The guidelines suggested above are already being followed in the funding of R&D projects by the Technology Development Council set up by the Electronics Commission.

(O.M. No. 1/4/74/Parl., dated 6-1-1975).

Recommendation (Serial No. 52, Para 5.11)

The Committee would also suggest that a review of the progress made in R & D in electronics industry should be made after two years or so in order to improve upon the performance in the remaining years of the Fifth Plan.

Reply of Government

The above recommendation will be implemented by the Technology Development Council.

(O.M. No. 1/4/74-Parl., dated 6-1-75).

Recommendation (Serial No. 53, Para 5.18)

The Committee note that out of Rs. 450 lakhs earmarked for R&D for 1973-74, the allocation was reduced to Rs. 106 lakhs as a measure of economy which the Department would be able to utilise. The Department has candidly admitted that they had held up several R&D schemes as they wanted to examine them in depth for several of these schemes would have involved continued expenditure of a high order and it was imperative to make sure that the results would be commensurate with the investment. While the Committee can understand this approach they cannot but express regret that the Department of Electronics and other authorities concerned did not prepare in detail schemes for undertaking research and development so that those schemes which were considered to be of priority nature could have been taken up for implementation straightaway. The Committee understand that the Department of Electronics is now ready with schemes which would never an outlay of Rs. 765 lakhs for 1974-75. The Committee need hardly point out that it would be increasing the outlay more than sevenfold and that this would call for a determined and coordinated effort. The Committee would

therefore like the Department of Electronics and all others concerned to make concerted effort to see that priority schemes for research and development are at least now taken up without further delay and ensure that targets set are achieved.

Reply of Government

The Technology Development Council and its Working Groups are ensuring that priority programmes are prepared for support by the Electronics Commission. However, it may be pointed out that due to financial constraints, an outlay of Rs. 765 lakhs originally proposed from 1974-75 has since been reduced to Rs. 120 lakhs. It may also be pointed out that meaningful programmes in R&D depend not merely on the ability to provide finances but also on the readiness of the institutions to absorb the amounts and spend them meaningfully. The Electronics Commission has been attempting to develop institutions in the country which can be funded for undertaking R&D work. The comments made in the recommendation above will be noted for guidance in future.

(O.M. No. 1/4/74-Parl., dated 6-1-75).

Recommendation (Serial No. 54, Para 5.21)

The Committee note that recognizing the role of powerful design and development groups in the growth of a self-sufficient and a self-reliant industry capable of meeting Indian needs and competing in the world market, the Department of Electronics have taken follow up action on the recommendations of the Bhabha Committee Report on the subject, by setting up the Technology Development Council to look after these aspects and that recommendations to the effect have been made by the various panels constituted in the area. With the setting up of the Council, the Committee hope that expeditious steps will be taken to establish design and development groups in all important sectors of the industry to lend it adequate strength to become self-reliant.

Reply of Government

Noted for guidance.

(O.M. No. 1/4/74-Parl., dated 6-1-75).

Recommendation (Serial No. 56, Para 5.32)

The Committee note that testing facilities which are developed in the national institutions like BARC and CSIR or elsewhere are not easily available to the industry for testing of their equipment, as

these laboratories are engaged in important and sophisticated type of research. The Committee would like Government to review systematically the testing facilities available in Government laboratories/organisations as well as outside with a view to specify those where the facilities for testing of electronic equipment would be available readily to the manufacturers. The Committee need hardly point out that where in a particular region or area the testing facilities are not easily and readily available a well-coordinated plan should be drawn up in consultation with the industry to develop such testing facilities. The Committee need hardly point out that such testing centres should broadly be run on no profit no loss basis.

Reply of Government

Noted.

(O.M. No. 1/4/74-Parl., dated 6-1-75).

Comments of Committee

Specific steps taken to implement the above recommendation may be intimated to the Committee.

Recommendation (Serial No. 57, Para 5.54)

The Committee are glad to note that the Electronics Commission have comprehensive plans for growth of electronics in each State and to this end they have decided to set up a testing and development centre in each state, to make available these facilities to the entrepreneurs particularly in the small scale sector. The Committee hope that these facilities when created, will give a powerful boost to the electronic industry in the States and inculcate a greater awareness towards quality consciousness. This will also remove an important bottleneck in the way of the new units coming up and will enable the entrepreneurs to enter the export market with confidence.

Reply of Government

Noted.

(O.M. No. 1/4/74-Parl. dated 6-1-75).

Recommendation (Serial No. 57, Para 5.55)

The Committee, however, note that while these schemes are being formulated in a number of States, a testing and development centre has so far been initiated only in Tamil Nadu. The Committee note that the Electronics Commission propose to help in setting up 12

such centres in the country during the Fifth Plan. The Committee would like Government to carefully evaluate the experience gained of setting up a development centre at Tamil Nadu before setting up the centres elsewhere in the country. The Committee need hardly point out that there are already plethora of agencies which are trying to provide services to the small scale industry. The Committee feel that if development and testing facilities are to be provided on decentralised basis for electronic industry, it should be done in close cooperation with the industry and State Governments and the scheme should be such as to be self-financing *i.e.*, run without profit and loss. In fact, it may be more appropriate to encourage the industry to set up such facilities by organising themselves in cooperatives.

Reply of Government

In 1974, the Testing & Development Centre set up by the Government of Gujarat at Baroda has also begin to function. In addition, Governments of U.P., West Bengal, Maharashtra, Andhra Pradesh, Kerala and Punjab are also being assisted to set up such centres. This work is being undertaken in full cooperation with the State Governments and agencies designated by them. The Department of Electronics is also considering an integrated framework for testing and development in the country in which the State T & D Centres will form constituent units.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Comments of the Committee

The Committee would, however, like to know as early as possible, the action taken by Government in implementation of the recommendation made in the Report, with a view to evaluate the experience gained from setting up a development centre at Tamil Nadu and the findings of such an evaluation.

Recommendation (Serial No. 58, Para 5.58)

The Committee are glad to note that it has been possible to follow the guidelines of the Bhabha Committee Report in the matter of planning and construction of the new factories in electronics field with indigenous effort and some of the important factories like the Electronics Corporation of India, ITI at Naini, and Rai Bareilly and Ghaziabad unit of Bharat Electronics Ltd. have been planned and constructed without any foreign assistance. The Committee hope that no such assistance will henceforward be needed and the new factories will continue to be planned and constructed with indigenous effort.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 59, Para 5.74)

The Committee feel that in a country like ours with its resources and manpower and pressing problem of creating employment opportunities, electronics provide an ideal field. The Committee are convinced that our country can have a very notable breakthrough in increasing the range and values of electronic equipment to be manufactured for meeting the external and internal demand in the Five Year Plan. It is, therefore, of utmost importance that the manpower requirements for research, development, manufacture and support of this programme should be identified in detail and a well-coordinated and integrated programme drawn up to provide the requisite training facilities. In particular they feel that there is need for imparting training to skilled artisans who constitute the backbone of production programme as also of supervisors at various levels. The facilities for higher education in electronics in the leading Indian institutions should be continuously improved and expanded in order to provide the requisite number of engineers of high grade to sustain and take forward the programme of development. The Committee would like the Department of Electronics to play an effective role in working out these requirements in depth and will urge that Government should stress upon all other concerned Departments including the Ministry of Education to give the requisite support so as to develop the training facilities to meet the manpower requirments in a systematic and planned manner.

Reply of Government

Noted. The Department of Electronics and the IPAG are undertaking analysis of manpower requirements for implementation of electronic projects in the Fifth Five Year Plan. The Department has also entered into a dialogue with the Ministry of Education, the DGET as well as academic institutions such as IITs, Engineering colleges and Polytechniques and ITIs to review the training and teaching programmes undertaken in the country.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 61, Para 5.82)

The Committee would like the Department of Electronics to very carefully go into the working of CSIR Pool Scheme so as to avoid

the difficulties and shortcomings which were experienced in the implementation of that programme. The Committee feel that it is not the number of persons who are attracted back but the quality, innovative character and dedication of spirit of the people who return which will determine the success of the programme and its impact on the development of the electronics industry. The Committee cannot, therefore, over-emphasise the need for selecting the best persons available on merits and to proceed in the matter with caution so as to avoid the shortcomings and difficulties which have beset the CSIR pool scheme from its very inception.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 62, Para 6.20)

The Committee note that the long delays caused in the disposal of applications for licenses have been obviated to a large extent with the introduction of new procedures from 1st November, 1973. The Committee are informed that all licensing applications are being disposed of within the deadline of 45 days prescribed in this behalf.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 62, Para 6.21)

The Committee also note that the Department of Electronics appointed panels such as the panel for the semi-conductors industry to provide guidelines for formulating clear cut policies for disposal of applications in specific fields of electronics. These guidelines provided a rational basis for processing of applications objectively. The Committee suggest that such guidelines should be evolved in all other important fields of electronics to facilitate speedy disposal of licensing applications in future.

Reply of Government

Noted for guidance.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Comments of the Committee

The Committee would like to know the progress made towards evolving guidelines for other important fields of electronics to facili-

tate speedy disposal of licensing applications in future.

Recommendation (Serial No. 63, Para 6.22)

The Committee further note that in spite of the revised procedures, 58 applications were still pending with the Department of Electronics (as in January, 1974). These cases, the Committee note, belong to the period prior to the coming into force of the revised procedures. The Committee desire that special efforts may be made to clear this backlog of pending license applications without delay.

Reply of Government

All backlog of pending licensing applications have been cleared.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 65, Paras 6.31 and 6.32)

The Committee note with concern that a large number of letters of intent are lying unimplemented in electronics for a long time, some of them belonging to the year 1969. The Committee also note that the Department of Electronics conducted a comprehensive review recently of all these letters of intent by holding meeting with the applications in the State capitals in cooperation with the State authorities concerned. The Committee feel that while a broad picture of the real capacity likely to be implemented is not available with the Department, the exercise has been only partially successful as a large number of the applicants were absent. The Committee understand that this is being followed by obtaining information through State Directors of Industries. Show Cause Notices have also been issued to those who have taken no action to implement the letters of intent.

While the Committee appreciate these efforts towards ensuring implementation of the letters of intent, the Committee urge that a procedure may henceforward be evolved so that a periodic review of the situation is conducted at regular intervals so as to ensure that desired capacities in various categories are created in time and according to plans. In this connection, the Committee would like to draw the attention of Government to their recommendation contained in para 52 of their Fiftieth Report on Industrial Licensing.

Reply of Government

The Department has been reviewing periodically letters of intent both subject-wise and at important centres throughout the Country.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 68, Para 6.47)

The Committee note that in the recent liberalisation of the procedure for the purpose of registration of new units, the capital goods limit has been completely removed and all units whose total investment does not exceed Rs. one crore can register themselves provided the value of imported raw materials and components is not greater than 5 per cent irrespective of the value of capital goods employed.

Reply of Government

Noted.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 68, Paras 6.48 and 6.49)

The Committee, however, note that in almost all such cases of electronic units, import of raw materials exceeds the 5 per cent ceiling prescribed in the procedure.

Since this will act as a handicap in automatic registration of most electronics units, the Committee feel that this might create serious bottleneck in the production of components of high quality and reliability and at low cost where mass production techniques and large volumes of production are necessary. The Committee feel that the number of these units is not likely to be large. They recommend that suitable remedial measures may be taken to ensure that production in electronic items is not hampered on this account.

Reply of Government

Noted. It may, however, be pointed out that applications involving production of high quality components are being dealt with expeditiously.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Comments of the Committee

The Committee would like to know the remedial measures taken to ensure that production in electronic items is not hampered due to

a ceiling of 5 per cent on the value of imported raw materials.

Recommendation (Serial No. 69, Para 6.61 and 6.62)

The Committee note that electronics industry is experiencing special difficulties in regard to import of canalised items such as plastic moulding powders, non-ferrous metals, steel etc., because of the special nature of their requirements and also because their requirements are small. The State Trading Organisations are reluctant to import the same and are not in a position to provide the technical service expected of such organisations in view of electronics being a new subject.

While the setting up of the Electronics Trade and Technology Development Corporation will largely solve most of the problems relating to import of special materials required by the Electronics industry, Government should examine these difficulties and take necessary measures to help solve these problems including changes where called for in the Import Trade Control Policy.

Reply of Government

The Electronics Trade & Technology Development Corporation which has just commenced operations will be able to assist substantially in implementing the above recommendations.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 70, Para 6.75)

The Committee note that in certain items relating to semi-conductor industry, due to bans imposed on import of ceramic beads, club beads, hails, silicon crystal and epoxy compound, the entrepreneurs are required to obtain non-availability certificates from Public Sector Undertakings or from private manufacturers.

Reply of Government

Noted.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 70, Paras 6.76 and 6.77)

The Committee also note that collating and gathering the data from the returns furnished by the manufacturers of different areas is a complex job as the material and mechanical specifications in

respect of these items are extremely stringent and these items are being dealt with in various directorates in DGTD and as such DGTD has to take recourse to obtaining non-availability certificates from local manufacturers before clearing these items. The Committee further note that although Import Trade Control appendices indicating banned items are being updated continuously there may be cases where such difficulties do arise.

The Committee recommend that the whole problem of obtaining non-availability certificates may be reviewed in detail in order to find workable solutions to the difficulties faced by entrepreneurs in this regard.

Reply of Government

The present procedure for obtaining non-availability certificates from indigenous manufacturers will be reviewed in the light of the recommendation made above.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Comments of the Committee

The Committee may be informed of the outcome of review of the procedure in regard to obtaining non-availability certificates.

Recommendation (Serial No. 72, Para 7.26)

The Committee are disappointed to note that India's position in world export trade of electronics is very low. As against world export trade in Electronics being of the order of US $ 5 billion, India's share is about US $ 8 million only. Even compared to exports of electronic items by small developing countries like Singapore, South Korea and Taiwan which have been exporting to the tune of US $ 54.9 m., US $ 142 m., and US $ 180 m., respectively. India's performance of exports in these items is poor. It is all the more distressing to note that while India has good export potential of quality items the exports suffer as a result of bottleneck in production. There is large unsatisfied export demand for low cost transistor radios, car radios, data processing equipments and other more sophisticated instruments which can be produced in India. There is also 'unlimited' demand for components such as resistors, capacitors and semi-conductor devices in almost all advanced countries in the world.

Reply of Government

Noted. The Department of Electronics is fully aware of the large potentialities for export of electronic items.

[O.M. No. 1/4/74/Parl. dated 6-1-1975]

Recommendation (Serial No. 72, Para 7.27)

The Committee note that according to the Department foreign collaboration in fields like High Quality printed circuits including multi-layer type; integrated circuits; Silk Screen process for professional grade mica capacitors; High quality metal-oxide film resistors, including high value types etc. etc., will bring advance technology and will be helpful for exports of these items. The Committee see no objection to enter into foreign collaboration in fields where advance technology is required in the interest of boosting up the exports from the country. They would, however, like to emphasise that the indigenous technology should be utilised to the maximum extent possible and where indigenous know-how is not available foreign know-how may be imported in the minimum areas possible and efforts made to indigenous the foreign know-how by intensive research and development effort with a view to reach self-reliance in the shortest possible time.

Reply of Government

Noted. The Department is of the view that there should be a judicious mix between indigenous know-how and import of technology from abroad.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 72, Para 7.28)

In this connection, the Committee would also like to state that Japan has made big strides in the exports of electronic items and has been exporting electronic items to the tune of $ 2400 millions as far back as in 1970. They have been able to do so by importing foreign technology and by adapting it to local conditions and improving upon it by local research and development efforts. The Committee would like the Department of Electronics to learn from the example of Japan with a view to enter in the export of electronic items in a big way.

Reply of Government

Noted.

[O.M. No. 1/4/74/Parl. dated 6-1-1975]

Recommendation (Serial No. 73, Para 7.29)

The Committee strongly recommend that with a view to avail of the opportunities available presently in the foreign market in view

of the distinct advantages that India has on account of comparatively low cost technical skill available in the country as compared to the high wage structure in all the advanced countries, no time should be lost in taking concerted measures to remove all hurdles standing in the way of export drive. Urgent steps should be taken towards full utilisation of the existing capacities and for expansion of capacities in all commodities identified to have export potential. All such capacities should be licensed readily. Further, intensive efforts should be made to locate new parties who have the export potentiality and to encourage and assist them to produce exportable items of requisite quality and quantity within the shortest possible time. The Committee need hardly emphasise that no amount of export drive for electronics will be of any avail unless a sound production base is built up in the country.

Reply of Government

Noted.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 73, Para 7.30)

The Committee also recommend that the list of items having export potential should be periodically reviewed with a view to add to the list the new exportable items by identifying them taking into consideration the existing manufacturing base in the country. This list should also be publicised widely.

Reply of Government

Noted. A new feature entitled "Export Spot-Light" is also being introduced in the journal brought out by the Electronics Commission. This feature will list items having strong export potential indicating the regions where such exports are possible. It is expected that this will guide potential exporters within the country to explore foreign markets.

[O.M. No. 1/4/74/Parl. dated 6-1-1975]

Recommendation (Serial Nos. 74 and 75, Paras 7.31 and 7.32)

The Committee note that one of the hurdles in pushing up the production of electronics items for exports is the inadequate base of components which are in short supply for the existing level of requirements for home as well as export markets. The Committee

recommend that a crash programme may be undertaken to increase the production of components to meet the existing as well as future requirements.

In this connection the Committee would like to reiterate that the proposed Electronics Trade and Technological Corporation may be set up early so that it may be in position to undertake the task assigned to it without delay.

Reply of Government

Noted. The Electronics Trade & Technology Development Corporation will identify export possibilities for electronic components, arrange their production within the country and publicise possible export markets abroad.

[O.M. No. 1/4/74/Parl. dated 6-1-1975]

Recommendation (Serial No. 76, Para 7.33)

The Committee note that the National Committee on Electronics have recently made a number of recommendations as regards strategy of export both short-term and long-term. They have *inter alia* recommended immediate utilisation of idle capacity as well as provision of facilities for import of raw materials from preferred sources and building of technological strength to be able to compete in the inter-national market. The Committee desire that Government should examine the recommendations made by that Committee urgently and take effective steps to implement the same so that the targets of imports laid down for the Fifth Plan could be achieved. The Committee would like to be apprised of the decision taken on recommendations of that Committee and action taken to implement them in dues course.

Reply of Government

The recommendation made above is accepted by the Department of Electronics.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Comments of the Committee

Government may intimate the action taken in pursuance of the recommendations made by the National Committee on Electronics regarding strategy of export, both short-term and long-term.

Recommendation (Serial No. 77, Para 7.34)

As a sound institutional arrangement for a consistent and systematic export drive will be essential the Committee suggest that a

standing working Group should be constituted immediately consisting of representatives drawn from the T.D.A., the Engineering Export Promotion Council and the Department of Electronics to keep a watch over the progress of imports and remove bottlenecks if any, in the achievement of export targets.

Reply of Government

Noted for guidance.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 79, Para 7.36)

The Committee also suggest that after assessing the success achieved by the S.E.E.P.Z. in the export field, Government should consider the establishing of more such zones in the country.

Reply of Government

Noted.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 80, Para 8.9)

The Committee welcome the setting up of the Electronics Commission with a view to ensure balanced development of Electronics Industry in the country. They note that the Commission is mainly responsible to review the entire field of electronics with regard to research, development and industrial operations, with full authority to formulate policy in this field and to direct implementation, on sound technical and economic principles, of all measures, both promotional and regulatory, that are necessary for the country to attain self-reliance in the field of electronics in the shortest possible time and in the best possible manner.

Reply of Government

Noted.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 80, Para 8.10)

The Committee also note that since the setting up of the Commission in February 1971, it has met 16 times.

Reply of Government

Noted.

[O.M. No. 1/4/74/Parl. dated 6-1-1975].

Recommendation (Serial No. 80, Para 8.11)

The Committee are greatly impressed by the amount of work, specially planning, in the field of electronics which has been done in the Department of Electronics after its inception. The Committee recognise that in the crucial and strategic field of electronics. It is of great advantage that a scientist of an international standing and reputation heads both the Commission and the Department.

The Committee cannot help pointing out that the sheer volume of work involved is so large that it requires adequate administrative and organisational arrangement to ensure that there is follow-up of the approved policies and of the schemes selected for implementation.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 80, Para 8.12)

The Committee note that Government's resolution setting up the Electronics Commission, provides for the appointment of one or more fulltime members. At present, no such appointment has been made. The Committee have no doubt that Government would keep, under review, the volume of work and the nature of responsibility involved so as to provide the Chairman of the Commission who is also the Secretary of the Department, adequate time to concentrate on the main tasks of laying down and evolving policies and overseeing their implementation.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 81, Para 8.13)

The Committee would further like Government to keep the working of Electronics Commission under continuous review to see that the objectives underlying its set up are fully achieved and that the policies formulated are forward looking, comprehensive meaningful and realistic so that India attains not only self-reliance in her field of electronics in the shortest possible time but also builds up a viable industry not only to meet the internal requirements but to capture an increasing share of export markets.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 82, Para 8.27)

The Committee note the circumstances under which the present Office of the Chairman of the Commission/Secretary of the Department of Electronics is located both at Bombay and Delhi. The Committee have a feeling that the projected growth of the electronics industry in the Fifth Plan is bound to generate problems both of administration and technical nature which would require close coordination with other Departments and organisations. The Committee have no doubt that Government would keep the present arrangements under continuous review, having regard to administrative, technical and Financial requirements to see how far the present set up needs to be rationalised in the interest of smooth, efficient and economic functioning.

Reply of Government

The Office of the Information, Planning and Analysis Group has been shifted in September, 1974 from Bombay to New Delhi. The Chairman of the Electronics Commission is also shifting his headquarters from Bombay to New Delhi in January, 1975 consequent on his appointment as Scientific Adviser to the Minister of Defence.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 83, Para 8.39)

The Committee note that the Recruitment Rules have not so far been framed by the Department of Electronics except in the case of staff car driver and Despatch Rider and that action to finalise Recruitment rules for other posts in the Department is stated to be under way. The Committee feel that in the interest of smooth and efficient functioning of the Department, it is imperative that the Recruitment Rules for all posts in Electronics Commission and the Department of Electronics should be finalised expeditiously.

Reply of Government

Recruitment rules for scientific and technical officers as also in respect of the remaining categories of the non-technical officers of the Department have been drafted and are being finalisd.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES.

Recommendation (Serial No. 20, Para 1.176)

The Committee note that the small scale industry has attained considerable growth in the electronics field and these units are turning out items of high sophistication. They have been able to bring down prices and even enter the export market in items like radio, T.V. receivers, sound equipment etc. The Committee also note that the scope of the small scale industry is being broadened and consistent encouragement is being given for the establishment of small and medium units by technical entrepreneurs. The Committee further note that there is no restriction on the small scale industry except their own capability and a great deal of support was available to them from the Department.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 20, Para 1.177)

The Committee are, however, concerned to note that the actual availability of raw materials, according to their capacities, has become a major bottleneck in the rapid growth of more electronics items in the small scale sector. Unless these capacities are actually determined by the State Director of Industries in consultation with the Development Commissioner, Small Scale Industries they do not get quota in the same way as before. In actual practice they continue to suffer in the matter of raw materials. The Committee understand that the Ministry of Industrial Development is looking into the matter. Considering the vast potential of the small scale industries in solving the gigantic problem of unemployment, and their suitability for the production of electronics goods the Committee cannot but too strongly stress the need for full utilisation of this potential efficiently by removing the existing constraints like shortage of raw materials and other inputs at the earliest.

Reply of Government

The Department provides assistance to remove, as far as possible, the bottleneck in regard to the Scarcity of raw materials. The State Directors of Industries have been advised to hold periodic meetings with the local licence issuing authorities so that applications are not unduly delayed. Further, meetings at the State levels are conducted by the Department of Electronics in consultation with the State Directors of Industries and other Government Departments so that problems of the individual units could be looked into and assistance provided on the spot. It must, however, be conceded that due to the present constraints of foreign exchange, there has been considerable difficulty by units both in the small and medium sectors in obtaining adequate raw materials which would enable fuller utilisation of their existing capacity.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 24, Para 2.28)

The Committee feel that positive measures towards penetration of the rural market for radio at this stage is called for urgently by continuously reducing the price of radios so as to invigorate the development of small scale sector in the electronics industry. The Committee, therefore, suggest that a pilot project may be launched to survey, study and suggest as to how best sales could be augmented in the rural market.

Reply of Government

The Department welcomes the recommendation and has, in fact, proposed both in 1974-75 and 1975-76 a pilot programme to penetrate rural markets for Radios. However, due to the financial constraints, the programme could not be included in the final annual plan.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 43, Para 4.27)

The Committee feel that in the semi-conductor industry also, a lot of R & D and capital investment is called for immediately to attain a reel break-through. The Committee welcome the setting up of the Semi-Conductor Production Corporation during the Fifth Plan period and hope that this Corporation will lend the semi-conductors industry an integrated approach and lead the industry to the goal of self-reliance at the earliest.

Reply of Government

Noted. It may, however, be pointed out that due to financial constraints, both in respect of foreign exchange, as well as rupee resources, action to set up a Semi-conductor Production Corporation has been delayed.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Comments of the Committee

The Committee hope that the setting up of the Semi-conductor Production Corporation will be kept in view constantly and as soon as the foreign exchange position eases, necessary action will be taken to set up the Corporation without delay.

Recommendation (Serial No. 66, Para 6.38 and 6.39)

The Committee note that according to the existing procedure for import licences, the entrepreneur gets raw materials on six monthly basis. It is difficult for him to properly plan his production unless he goes on approaching the licencing authorities and keeps close liaison, which is difficult for a small scale industrialist.

The Committee also note the problem at present being faced by the entrepreneurs in regard to the foreign exchange allocatiin which is partially for G.C.A. countries and partially for R.P.A. countries. It becomes difficult to obtain supplies from RPA countries which have forward planning economies and require advance information in regard to the requirements.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 66, Para 6.40)

The Committee understand that these problems will be largely solved after the constitution of the proposed Electronics Trade and Technology Development Corporation which will stock raw material for issue to entrepreneurs. The Committee, however, recommend that Government may also examine the feasibility of granting raw materials licences for a period of 12 months instead of six months in view of the fact that the time involved in obtaining replenishment licences and importing materials is very long.

Reply of Government

The Electronics Trade & Technology Development Corporation will assist in this matter. However, due to the existing financial constraints, it may not be possible to grant licences for raw materials for a period of twelve months instead of the present procedure to grant them for a period of six months.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 78, Para 7.35)

Recognising the need to increase India's share in rapidly growing world trade of Electronics, the Government of India decided in November, 1972 to establish an Electronic Export Processing Zone, at Santacruz. The Committee note that since the decision taken by Government in this regard in November, 1972, 60 applications have been received out of which 30 proposals have so far been accepted 20 have been rejected and 10 are still under consideration. The Committee also note that construction work in the zone has yet to start. The Committee consider that the progress in regard to the setting up of the Zone has been very slow. They are doubtful if at this speed the targets for export amounting to Rs. 25 crores from the zone during 1974-75 could be achieved. The Committee therefore urge that effective and determined measures should be taken immediately to accelerate the progress of work in the zone and the functioning of the industries there.

Reply of Government

Noted. It may, however, be pointed out that the responsibility for administering the Santa Cruz Electronics Export Processing Zone is entirely with the Ministry of Commerce and the Department of Electronics provides only a technical back up for processing the applications. It may also be mentioned that due to current global recession prospects of achieving the target originally set out for 1974-75 seem to be remote.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Serial No. 17, Para 1.147)

The Committee note that, apart from these efforts of encouraging the development of electronics in the States, the Department is also keen to develop backward areas and to spread the electronic base, out of the metropolitan or industrial areas where the industry is at present mostly concentrated. The Committee further note that the Department is using licensing as an instrument in both achieving this policy and preference is given to those applicants in the organised and small scale sector who want to set up new units outside these areas.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 17, Para 1.148)

The Committee would in this connection like to stress that in the Fifth Plan period, particular emphasis should be laid by Government on the development of backward areas and areas outside metropolitan and industrial cities by providing special incentives and concessions for setting up industries, particularly in the small scale sector in those areas to narrow down regional imbalances to the extent possible.

Reply of Government

The Department welcomes special incentives being provided to the growth of the Industry in backward areas. This is, however, a policy matter handled by the Ministry of Industrial Development in consultation with the Planning Commission and the Ministry of Finance and implemented through the State Governments. The Department, however, is keenly conscious of the possibility of using

electronic industry as a vehicle for the development of the region to narrow the existing regional imbalances.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Comments of the Committee

Please see paras 1—5 of the Report (Chapter I).

Recommendation (Serial No. 18, Para 1.149)

The Committee would like to suggest that Government should take positive initiative in the development of the electronics industry in such areas by setting up Public Sector units in electronics so as to encourage ancillary industries to grow round them.

Reply of Government

The location of public sector undertakings is determined largely by techno-economic considerations. Other things being equal, however, the Department will certainly favour a backward area for locating such units as recommended above.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Comments of the Committee

Please see paras 1—6 of the Report (Chapter I).

Recommendation (Serial No. 26, Para 2.54)

The Committee note that TV is currently selling at a high price costing around Rs. 3,500 and that there is a tendency for the cost of the TV to increase rather than to decrease. There has been an increase of the order of Rs. 250 per set during January-February, 1974 and there has been further increase of the cost of the TV set after February, 1974 due to recent increase on Excise Duty on TV Set.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 26, Para 2.55)

The Committee feel that if the marketing base for the TV has to be broadened by making it available within the reach of com-

mon man, intensified research and developmental efforts will have to be made for greater indigenisation of components to bring down the manufacturing cost and to achieve a breakthrough as has happened in the case of radio. The Committee would, therefore, like the Department of Electronics to take effective steps to improve its technology and to reduce its manufacturing cost.

Reply of Government

As already stated under 2.28, the high price of the TV Receiver is due to the excise duties levied as also the high tariff on imported components and materials. It has been estimated that nearly 40 to 45 per cent of the total retail cost of a TV Receiver is due to various taxes and duties levied at several stages of production.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Comments of the Committee

Please see paras 6—11 of the Report (Chapter I)

Recommendation (Serial No. 28, Para 2.57)

The Committee note that one of the major elements contributing to the high price of TV set is taxation, *i.e.*, customs duty, excise duty, sales tax etc. They note that the excise duty on TV sets has been increased from 10 per cent ad valorem to 20 per cent ad valorem this year itself. The Committee recommended that Government may examine the question of nationalisation of customs duty on imported material needed for the manufacture of TV receivers, excise duty and sales tax on TV in the interest of making available moderately priced indigenous TV sets, to create a large market for T. V. Sets.

Reply of Government

The whole subject of rationalisation of customs duty on raw materials and finished products is being studied by the Department.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Comments of the Committee

Please see paras 6—11 of the Report (Chapter I).

Recommendation (Serial No. 29, Para 2.58)

The Committee note that increase in the price of TV set is also due to increase in the price of picture tube manufactured by BEL

by Rs. 140 per tube due to change in the categorisation in regard to the levy of customs duty on the import of glass bulbs.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 29, Para 2.59)

The Committee also note that Government have taken some steps towards increasing the production of picture tubes in BEL from 100,000 nos. to 200,000 per annum. Government have also been considering for some time to bring in four more parties to produce, picture tubes to cater to different regions at Bangalore, Nasik, Ghaziabad and Kanpur. This will not only meet the increase in demand for this item but will also reduce transportation charges from far off stations and thus reduce TV prices to some extent.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 29, Para 2.60)

The Committee also note that the question of production of glass bulbs, the main component on picture tubes, indigenously is also under consideration of Government and no decision has been taken in the matter so far in view of the high internal cost of production resulting from setting up capacity equal to half the economically viable capacity although it may reduce the import Bill. The Committee desire that Government may take a suitable decision in this regard as early as possible keeping in view the need to reduce the costs of TV sets so as to make them comparable to those prevailing in other countries.

Reply of Government

The matter is actively being considered by the Department.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 29, Para 2.61)

The Committee have no doubt that with concerted measures by both the Government and industry, it should be possible to drasti-

cally reduce the price of T.V. particularly when the labour costs in the country are far cheaper compared to those in other countries.

Reply of Government

The reduction in the price of TV Receiver will depend upon several factors such as volume of production, incidence of excise and customs duty, etc. It must, however, be mentioned that labour cost forms a comparatively small component in the production of TV Receivers and hence the cheaper labour rates are unlikely to make a significant impact on the final price of the TV Receiver.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Recommendation (Serial No. 29, Para 2.62)

In this connection the Committee would like to mention that the question of reduction in the price of T.V. sets has also been dealt with in paras 3.172 to 3.175 of their 64th Report on Television.

Reply of Government

Noted.

[O.M. No. 1/4/74-Parl. dated 6-1-75].

Comments of the Committee

Please see paras 6—11 of the Report (Chapter I).

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES ARE STILL AWAITED

Recommendation (Serial No. 6 and 7, Paras 1.62, 1.63, 1.64, 1.65, 1.66, 1.67 and 1.68)

The Committee feel that there is some force in the argument that attachment of the Public Undertakings to user administrative Ministries affects the free commercial decision making by them adopting a dynamic approach most suited to their role as manufacturers of sophisticated equipment/components and treatment of other user's requirements on secondary priority. Pricing policies also tend to be more favourable to the administrative Ministry at the expense of others particularly where these enterprises enjoy monopoly and in fact this is true of most of the undertakings in the electronics field. The Committee feel that while there is need to allow full autonomy and decision making powers to these undertakings in the interest of their healthy development, it is also necessary that there is close coordination among these enterprises to avoid duplication of efforts and to conserve scarce financial and foreign exchange resources as well as for an overall integrated development of the industry. The Committee consider that for this purpose it would be desirable if there is an organisational mechanism which can periodically apprise the functioning of the public undertakings producing electronics items and could provide them overall guidance in regard to the policies followed by them as well as their future developments. In such a set up it would be appropriate if the Department of Electronics has an important say.

The Committee note that the Department of Electronics is consulted only initially and in case of large enterprises in matters such as framing of objectives of the undertakings and in the determination of their product mix and diversification. The Department has however, no say in matters like complexion of the Board of Directors, appointments to the Board of Directors and to senior management positions like Managing Directors and General Managers, Personnel and remuneration structures/policy, policy and follow up relating to development of ancillaries, and pricing policies.

The Committee also note that the Department has at present no power to direct the public undertakings to take up production of certain items even where it is in larger national interest to do so. The Committee further note that the Department of Electronics is represented on the Board of Directors of BEL and Instrumentation (Kotah) only. It has no Director on the Board of Directors of Indian Telephone Industries, Electronics Corporation of India Ltd., Hindustan Aeronautics Ltd., Hindustan Teleprinters Ltd. and Hindustan Cables Ltd.

While the Committee appreciate that the Department of Electronics is being consulted in some matters such as framing of the objectives of the undertakings and determination of their product-mix, including diversification, they feel that it would also be desirable if this Department which has an overall responsibility for the development of electronics in the country has an effective say in formulation of policy and follow-up relating to development of ancillaries and pricing policies of these undertakings.

The Committee would, therefore, suggest that a suitable machinery may be evolved as the one suggested by the Department of Electronics like a standing Management Board, with the Secretaries and Directors of the Ministries/Public Undertakings on it, to ensure that all these public undertakings function in an integrated manner in furtherance of the objective of rapid development and growth of electronics industry in the country.

The Committee find that though the Department of Electronics is charged with the responsibility for development of electronics in all the fields it does not have at present under it any manufacturing unit in the public sector. The Committee consider that it is largely due to historical reasons as the Department of Electronics has been set up only very recently.

The Committee recommend that Government should review at the highest level the question of placing units which are charged with the responsibility for manufacturing electronics under the department of Electronics in the overall interest of development and for these units being used as centres of growth for an accelerated programme of development of electronics industry in the Fifth Plan.

Reply of Government

The above recommendations are being considered by the Electronics Commission to see in what manner they could best be implemented.

[O.M. No. 1/4/74/Parl. dated 6-1-75]

Comments of the Committee

The Committee may be informed of the final action taken on the recommendations.

Recommendation (Serial No. 13, Para 1.114)

The Committee understand that a number of parties/undertakings have been importing items in false names or misleading names and at times, it is not possible even to know what has really been imported. This underlines the need for giving training of a specialised nature to the custom staff to identify and correctly tabulate the sophisticated items.

Reply of Government

This is also one of the terms of reference of the Panel set up as mentioned in the reply under 1.100.

[O.M. No. 1/4/74/Parl. dated 6-1-75]

Comments of the Committee

The Committee would like to know the steps taken for imparting specialised training to custom staff to identify and correctly tabulate the sophisticated items.

Recommendation (Serial No. 47, Para 4.53)

The Committee note that while the demand for material in the Fifth Plan is likely to be of the order of Rs. 190 crores, the production to be achieved in the electronics field under the auspices of the Department of Electronics with a proposed investment of about Rs. 17 crores, is expected to be of the order of Rs. 18 crores. The Committee have been informed that the balance requirement of Rs. 110 crores or at any rate a large portion thereof is expected to be met by production in other sectors where investment and expansion would be taking place. The Committee are not quite convinced with this and feel that since raw materials are the essential base for the development of electronics, it is imperative that there is a detailed systematic and well-coordinated integrated programme so as to ensure that the entire demand for materials for electronic industry which is estimated at Rs. 190 crores, is met to the largest extent by developing indigenous capacity, but where that is not possible by well-regulated and planned imports.

Reply of Government

Noted. It may be pointed, out, however, that a significant growth in the field of materials requires considerable R&D efforts as also high capital investment unlike component and assembly areas. Two panels set up by the Electronics Commission on Chemicals and Plastics as well as on Ultra Pure Materials have since submitted their reports, which are under examination.

[O.M. No. 1/4/74/Parl. dated 6-1-75]

Comments of the Committee

The Committee would like to know whether Government have drawn up an integrated programme in implementation of the recommendation of the Committee to ensure that the entire demand for materials for electronics industry which is estimated at Rs. 190 crores is met to the largest extent possible by developing indigenous capacity but where that is not possible by well regulated and planned imports.

Recommendation (Serial No. 55, Para 5.24)

The Committee note that no advance assurance is at present available to the industry for the commercial production of a new product, which may be developed after long research involving considerable amount of expenditure. It has been urged before the Committee that this acts as a serious inhibiting factor in intensifying local R&D efforts by the industry and need to be looked into. The Committee agree with the views of the Secretary of the Department of Electronics that while it may be difficult to provide a definite assurance in advance to an entrepreneur for the issue of a licence, it should be possible for the concerned Department to indicate broadly the areas in which R&D can be undertaken which could then be taken into consideration for the grant of a licence at a subsequent stage. The Committee would like Government to take an early decision on the above suggestion and to publicise it so as to encourage intensified research by the industrial units.

Reply of Government

Noted. However, this is a matter which has a general policy bearing on the entire spectrum of R&D effort in the country. The Nayudamma Committee has also gone into the question on the transfer of know-how from the research laboratory to the industry.

[O.M. No. 1/4/74/Parl. dated 6-1-75]

Comments of the Committee

The Committee may be informed of the result of action taken in pursuance of the recommendations of Nayudamma Committee.

Recommendation (Serial No. 60, Para 5.80)

The Committee note that the Department of Electronics have under consideration a special scheme to facilitate return from abroad of highly qualified scientists, engineers and technologists whose services could be utilised in India. The scheme would be applicable to men with high qualities of leadership and initiative. The intention is to identify the jobs on which the selected scientists who will be paid high salaries ranging from Rs. 1,500 to Rs. 2,500, will be required to work.

Reply of Government

Noted.

[O.M. No. 1/4/74/Parl. dated 6-1-75]

Recommendation (Serial No. 60, Para 5.81)

The Committee also note that a budget provision of Rs. 10,00,000 was made for 1973-74 with a view to cover expenditure for the scheme. The Committee, however, find that the scheme has not yet been finalised. Since with the growth of Electronics industry, larger and larger number of factories are coming up, more and more testing and development centres, are being established for which more and more highly qualified scientists will be required with extensive experience to provide leadership and take initiatives at proper levels; this scheme merits early finalisation and implementation. The Committee hope that the Department of Electronics will move in the matter more speedily and identify such personnel to bring them back to the country with suitable assignments.

Reply of Government

Noted. It may, however, be pointed out that the success of the efforts to bring back scientists and technologists from abroad is linked up with the growth of the electronics sector in the country and the opportunities which are made available through new projects which are set up either in the public or the private sectors.

[O.M. No. 1/4/74/Parl. dated 6-1-75]

Comments of the Committee

The Committee would like to know the progress made in regard to finalisation and implementation of the Scheme.

Recommendation (Serial No. 64, Para 6.23)

The Committee note that so far no specialised sub-committee has been set up to process exclusively the applications for licences for electronics industry. In view of the fact that electronics is a highly specialised field for which the Department of Electronics provides the nodal Ministry, the Committee would like Government to consider the advisability of having a sub-committee for this purpose. At any rate, the Committee need hardly point out that in the interest of proper and timely disposal of licensing applications, the responsibility for scrutiny and giving clear recommendations on applications for licenses should be squarely put on the Department of Electronics.

Reply of Government

The Recommendation has also been discussed by the Electronics Commission. A detailed paper is being prepared and will be put up to the Cabinet so as to expedite the current delays involved in licensing.

[O. M. No. 1|4|74-Parl. dated 6-1-75].

Comments of the Committee

The Committee may be informed of the final decision and concrete action taken in implementation of the recommendation.

Recommendation (Serial No. 67, Para 6.44)

The Committee note that under the import policy for priority items (as in the case of electronic components) the import applications can be made once quarterly while in the case of non-priority items (such as Radios and TV) applications are made only once a year. There is also a considerable time lag between submission of applications and receipt of import licences and further delays occur before the material is actually received. This position, in the opinion of the Committee, can be considerably improved if the Department of Electronics is in a position to play a more direct role in the whole procedure. The Committee desire that this aspect of the procedure may be reviewed and a suitable procedure evolved. In this regard, the suggestion of the National Advisory Committee

on Electronics with regard to locating a CCI&E officer in the Department of Electronics to expedite the issue of import licences deserves careful consideration with a view to minimise the time involved in the movement of files between Departments and granting of import licenses.

Reply of Government

This aspect is being dealt within the paper under preparation for submission to the Cabinet mentioned in reply to para 6.23.

[O.M. No. 1|4|74-Parl. dated 6-1-75]

Comments of the Committee

The Committee would like to be informed of the final decision taken in the matter.

Recommendation (Serial No. 71, Para 6.78)

It has been urged before the Committee that as the Department of Electronics have now built up considerable expertise in the field of Electronics, the relationship of the DGTD (and the DCSSI) with the Department of Electronics, needs to be reviewed in order to avoid overlapping of functions and duplication of effort. The Committee would like Government to examine this matter at the earliest.

Reply of Government

This is also being dealt with in the agenda paper being prepared for the Cabinet as mentioned in the reply to para 6.23.

[O.M. No. 1|4|74-Parl. dated 6-1-75]

Comments of the Committee

The Committee may be informed of the final decision taken by Government in the matter.

NEW DELHI;
October 8, 1975.
Asvina 17, 1897 (S)

R. K. SINHA,
Chairman,
Estimates Committee.

APPENDIX

(*Vide* Introduction.)

Analysis of the action taken by the Government on the recommendations contained in the Sixty-sixth Report of the Estimates Committee

(Fifth Lok Sabha)

I.	Total number of recommendations	83
II.	Recommendations which have been accepted by Government (*Vide* recommendations at S. Nos. 1—5, 8—12, 14, 15, 16, 19, 21, 22, 23, 25, 27, 30—42, 44, 45, 46, 48, 49—54, 56—59, 61, 62, 63, 65, 68, 69, 70, 72—77, 79—83.	
	Number	64
	Percentage to total	77%
III.	Recommendation which the Committee do not desire to pursue in view of Government's reply (*vide* recommendations at S. Nos. 20, 24, 43, 66 and 78.	
	Number	5
	Percentage to total	6%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (*Vide* recommendations at S. Nos. 17, 18, 26, 28 and 29).	
	Number	5
	Percentage to total	6%
V.	Recommendations in respect of which Final replies of Government are still awaited (*Vide* recommendations at S. Nos. 6, 7, 13, 47, 55, 60, 64, 67 and 71).	
	Number	9
	Percentage to total	11%

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