

nomy during the Seventh Five Year Plan."

*The motion was negatived.*

16.15 hrs.

RESOLUTION RE : ECONOMIC POLICIES

[English]

SHRI BHATTAM SRIRAMA MURTY (Visakhapatnam) : Sir, I beg to move :

"Having regard to the planned development of the country and the realisation of the constitutional obligations, this House takes serious note of the wrong economic policies being followed by the Government and the distortions introduced in the earlier policies which are leading to increased concentration of economic power, widening the gulf between rich and the poor and threatening the economic independence of the country by increasingly relying on foreign sources, and calls upon the Central Government to take immediate steps to—

- (i) correct the distortions introduced into the Industrial Policy since 1980 ;
- (ii) give public sector its due place as envisaged in the Industrial Policy Resolution, 1956 ;
- (iii) curb monopolistic trend and reduce concentration of economic power ;
- (iv) protect the small scale sector from the onslaught of the big business and the multinationals ; and
- (v) stop the avoidable dependence on foreign technology and capital and support the indigenous R & D efforts and technological capabilities".

Sir, before I proceed with further discussion on the matter, I would like to know from the Chair whether the Minister in charge who is going to reply to this is present here at all.

MR. DEPUTY-SPEAKER : You have to reply. The Minister will only intervene.

SHRI BHATTAM SRIRAMA MURTY : The Minister has to respond, to react to this. The concerned Minister should be present in any case. Because it mostly deals with the industrial policy, licencing policy and distortions introduced in the licencing policy. The Minister is conspicuous by his absence.

(Interruptions)

MR. DEPUTY SPEAKER : The Minister present will take care.

SHRI BHATTAM SRIRAMA MURTY : I don't think that this is the correct procedure Sir.

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI SUKH RAM) : Your Resolution does not cover only industrial policy, it covers something else also, that is why it has come to the Planning Ministry.

SHRI BHATTM SRIRAMA MURTY : I know that it covers something else also. That something else is already covered by Dr. D.N. Reddy's Resolution.

Sir, we have before us the Constitution which embodies the Directive Principles. It says, the Directive Principles clearly direct :

"That the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment".

So, concentration of wealth should be avoided. The policy of the Government should be such that it should not result in the concentration of economic wealth in a few hands. Secondly it says :

"That the ownership and control of the material resources of the community are so distributed as best to subserve the common good".

So, the distribution aspect also is very clearly brought out here. Any resolution undertaken by the Government, any policy pursued by them, any programme which is undertaken should not be in contravention with the ultimate goal we have in mind. The Constitution prescription cannot be

violated flouted.

That being so, let us examine to what extent the Constitution obligation has been duly discharged and the ultimate goals and aims are sought to be realised through various measures which the Government are now implementing. I have clearly stated in the course of this Resolution that the policies which are leading to increased concentration of economic power, widening the gulf between the rich and the poor, are the fundamental and basic aspects I would like to deal with them now.

Sir, let us examine whether it is a fact or not that the operation of the governmental policies is resulting in the concentration of wealth. For that purpose we will examine each one of the factors which I have now brought within the scope of the Resolution.

Let us take the top twenty industrial houses and see how they are able to multiply their wealth in the course of the last decade or so. In the year 1972 their total assets were Rs. 2,872 crores which by 1981 became Rs. 8,959 crores and by 1982 the figure was Rs. 11,286 crores. So between 1972-82 from about Rs. 3,000 crores their assets became Rs. 11,000 crores. So, the increase is obviously seen. That is how wealth is accumulated in the hands of a few monopoly houses. For instance, let us take Tatas.

In the year 1972 the total assets available with the Tatas were Rs. 642 crores. In 1981 they went upto Rs. 18.40 crores and by the year 1982 they became Rs. 2,431 crores. The increase between 1972-82 is four-fold.

Now let us take Birlas. In 1972 the total value of the assets available with them was Rs. 589 crores. In 1981 it became Rs. 1,692 crores and by 1982 it rose to Rs. 2,005 crores. Let us take Mafatlals. In 1972 their total assets were Rs. 184 crores and by 1981 it became Rs. 555 crores and by 1982 the same became Rs. 611 crores.

Now let us take Sarabhai. In 1972 the value of their assets was Rs. 84 crores which in 1981 became Rs. 331 crores and in 1982 it rose to Rs. 374 crores. The increase is nearly five-fold. Let us take Modis. In 1972 the total value of their

assets was Rs. 58 crores which in 1981 became Rs. 242 crores and in 1982 the same rose to Rs. 359 crores. Lastly I will quote the figures about Kirloskars. In 1972 the total value of their assets was Rs. 86 crores which in 1981 became Rs. 278 crores and in 1982 the same became Rs. 338 crores. The increase here is more than four times.

This is how the big monopoly houses year after year are accumulating riches. The wealth is being concentrated in a few hands. The top few monopoly houses have come to own the riches. That is the situation.

Now let me give the figures as far as unemployment is concerned. In the year 1980 the unemployment figure was 1.44 crores which by 1986 became 2.75 crores. So, it is double here. Therefore, on the one hand unemployment is increasing; poverty is increasing and people below the poverty line are acutely suffering and on the other hand these big monopoly houses have been able to accumulate their wealth four fold.

The revenue locked up in the court cases etc., as far as excise arrears are concerned is about Rs. 1500 crores. After all, courts do come into the picture in these cases and because of their decisions, some difficulties do arise in the collection of arrears. Therefore, these people stand to gain and they take advantage of this and utilize this amount for furthering their business.

There is another feature. The big business houses continue to float personal trusts. They float a plethora of investment, trading and other non-productive companies to avoid taxes. For instance, Birla Group have floated 24 trusts like All India Hindu (Arya) Dharam Seva Sang Trust, Jan Kalyan Trust, Durga Devi Memorial Trust, Vishwa Mangal Trust etc. Similarly, Garware Group have constituted several trusts, 74 in number. How do they make use of the trusts in promoting their business interests? This is very relevant and interesting. The misuse of tax exemptions given to trust funds for charitable purposes has been confirmed by various studies. At one time, the Public Accounts Committee had gone in depth into this matter and they made their recommendations. The Wanchoo Committee also made some observations. I quote here ;

"A recent study made by the Department of Company Affairs of 75 trusts, of which 62 were charitable, showed that the business houses creating the trusts had mostly appropriated the trusts funds for their own businesses."

This is an extract from the Wanchco Committee Report.

Then, the Public Accounts Committee (1969-70, 4th Lok Sabha), in its 121st report observed :

"While trusts fulfil a laudable social objective, they have also been used as a device to avoid tax. The Committee also took note of the fact that out of 45 trusts connected with industrial houses and having a corpus of Rs. 24.11 crores, the investment by 32 trusts in concerns connected with the industrial houses were 30 per cent or more of their funds. In some cases, it was noticed that the investment in such concerns amounted to as much as 90 per cent of the funds of the trusts."

Through the mechanism of trusts, they are able to subvert the law and avoid payment of the taxes to the Government and accumulate private wealth. All these trusts and companies are not only avoiding taxes but also none of them are registered under the MRTP Act.

The big houses generally avoid wealth tax which has become possible through the mechanism of trusts. In order to bring out this fact in a very clear terms, I would like to quote a few figures. Shri M P Birla is stated to have possessed according to one study in the year 1957-58 wealth of Rs. 45.28 crores and then the wealth possessed by him in 1977-78 i.e. after a period of twenty years as per the records came down to Rs. 11.65 crores. In the case of Shri B M Birla, the wealth in 1957-58 was Rs. 58.67 crores and in 1977-78 it came down to Rs. 16.85 crores.

In the case of Rukmini Devi Birla, it came down in 20 years from Rs. 75.43 crores to Rs. 19.43 crores. Similarly, many number of such instances can be quoted. I do not want to take the time of the house by quot-

ing all these figures but it is for the Minister to look into it and see as to how this has become possible, through what method, through what mechanism, through what design and in what manner these people are able to show such deflated figures. In the case of Mafatlal, in the case of Sarabhai and in the case of several others, this has happened. The case of Sarabhai is very interesting. In the year 1957-58, the value of his total assets was Rs. 22 crores ; by 1977-78, unfortunately, his fortunes dwindled so fast that it came down to just Rs. 59 lakhs only. This is how the figures are being presented from time to time. It is for the Government to look into this matter and examine how it is all managed and how things are being done. How this has become an inevitable feature in figuring.

Of course as I said earlier in my speech, so far as the central excise is concerned, it is estimated that the revenue locked up in court cases is of the order of several crores of rupees. This is an inevitable process in a democracy where courts play their role and the rich take advantage of the delay and try to plough back this money for promoting their personal interest and private business.

That apart, as far as the excise duties from Multinationals in the Small Scale sector are concerned, concessions available to small scale sector are being cornered by MRTP companies and Multi-National Companies. In this way, through all these methods they are able to accumulate wealth. This aspect also requires to be more deeply studied and suitable action taken by the Government.

I would like to quote from the Report of the Public Accounts Committee, for the year 1986-87. The 49th Report of the PAC observes :

"When asked what was the intention in giving concession in excise duty to the small scale sector, Member of the Central Board of Excise and Customs stated :

"It primarily aims at providing protection from the large scale Sector'."

So many MRTP companies and Multi-

National Companies have linked themselves with the small scale units and all those benefits which are to be availed exclusively by the small scale sector are now being enjoyed by these big companies and these MRTP Companies and MNCs stand to gain by them. The names of these companies are also mentioned here. They are M/s Parry and Company, Bajaj Electricals, Bombay ; National Radio Electrical Company Limited of Tatas, M s Lucas TVs, M s MICO, M s Bata India Limited ; M/s PIECO of Philips, Cinthol Talcum Powder of Godrej and Company and so on. These are all various multi-nationals operating in this country, completely grabbing all the concessions which are purely meant for the small scale sector. At the time when the matter was brought before the Public Accounts Committee, they questioned and interrogated the officials appearing before them. They gave the evidence. The following reply was elicited.

"The Ministry of Industry has reported that there is no machinery existing in the Ministry of Industry to exercise a check with a view to ensuring that the concessions meant for small scale units are not taken advantage of by MRTP/large scale industries."

The Directorate of Industries of the States which are the implementing agencies of the programmes of small scale industries development are expected to ensure this. Therefore, the centre expects, the State Governments to do something about this. As far as the Government are concerned, they are complacent about all this. They are blissfully silent about the possible steps they may take in future at least to plug the loophole, to prevent such recurring eventuality. They are not prepared to do that even now. They shift the responsibility or pass on the buck and say that State Governments are responsible because the small scale sector is within their purview. That is, one stock reply which is often given. So, Sir, this is how the multinational companies, big monopoly houses, etc. have come to occupy a place of pivotal importance and accumulated the riches, in a very speedy manner by cornering all the benefits legiti-

mately due to Small Scale Sector.

Now, Sir, the other day, discussion took place in this House about the amounts held in the Swiss Bank. How this happening? A study by the International Monetary Fund (IMF) has confirmed that deposits in Swiss Banks are there to the extent of about Rs. 1332 crores. At least 15 to 20 times that money lies in the secret accounts of the Indians, in Banks of Hong Kong, U.S.A., Manhattan and several other places. Sir, it is estimated, that the total amount thus comes to about Rs. 30,000 crores. This figure is again escalating at the rate of 15 per cent to 20 per cent per year. Last year; foreign trade—import and export together—was of the order of about Rs. 30,000 crores. At least 10 per cent of this cost goes towards secret accounts this covers trade only. There are defence and other contracts also. Therefore, we can very well understand what will happen in that sector also instead of the money being made available for this country, it is being kept elsewhere in furtherance of their own interests. It is not available for any national purpose and developmental purposes.

Sir, I made a passing reference to the big business, entering into small scale sectors, and cornering all the incentives, concessions and exemptions due to small scale sectors. With a view to harness these benefits, large houses have started setting up their own units in the small scale sectors. Prominent monopoly houses and FERA companies have done so and are still doing this. Some of the small scale sector enterprises are owned by the multi-national companies. Small scale units are small because of the limited resources of the entrepreneur. The definition of the small scale sector which is so changed as to permit monopoly houses to enter into the small scale sector. Therefore, what I urge, that the Minister should give a considered thought to the definition of the small scale sector which is giving every scope to the multinationals to enter into small scale sector and corner all the benefits. The monopoly Houses enter the small scale sector. I name some of them.

Lakme Ltd. (a Tata Co.)  
Kaycee Industries (Bajaj)  
Drayton Greaves-(Thapar)



British Drug Houses (Glaxo)  
Suhrid Geigy Tradind (Sarabhai)  
Sharp Edge (Hindustan Lever and  
Escorts)  
Castal Corporation (Birla)  
Textile Engravers (Mafat Lal)  
Coats of India (Bird Heilgers)  
Lakki Works (Kirloskar)  
Automobile Rubber Products (Chidam-  
baram)

And several other companies numbering 292 are in the small scale sectors because of the lacunae in the definition which is deliberately retained/continued. I use the word 'deliberate'. I am sorry, if I am wrong and I may be corrected. I will be too happy for that correction. Large houses entrance in the small scale sector by virtue of their large resources both technical and commercial. They place the real small scale manufacturer at a definite disadvantage. He is eliminated, he is being annihilated : the big shark is devouring the small fish. There is no turnover ceiling. There is no reference to the character of ownership. There is a constant upward revision of investment ceiling.

I give one more glaring example of an electronic company, Weston, for instance. It registered itself as a small scale unit. But the amount it spends on publicity alone must be several times larger than the total investment of most of the small scale units. I will give one more instance of companies which are subsidiaries to big houses. There is a big list available. The Minister himself must be knowing it. Government of India says that small scale undertakings which are subsidiaries, or are owned or controlled by any other undertaking, are not eligible for special concessions. Let the Minister then identify those industries. The stock reply is : "This is a matter within the purview of the State Government." This information is not maintained by Centre. Let them not come forward with such replies. When I put a Question, a reply came that the information was not maintained by the Centre. This was the reply. Is Government in the dark ; do they want us to be in the dark ? In either case, it is not good for the country. Government having more than 50% equity.

We have private companies where Government have more than 50% of equity. I am coming to that aspect. There, Government has a definite and decisive say. Government have full freedom. But they have given up the right of decision-making in favour of big Business Houses.

Everyone thinks that they are private sector industries only. Nobody is aware that they are private public sector industries. I refer to the Andhra Valley Paper Ltd. The percentage of equity held by Government is 59.87 i.e. about 60%; Escorts Ltd. 54.04% ; Kirloskar Pneumatics 60.4% ; Andhra Valley Power Supply Co. (Tata) 51.18% ; Hindustan Brown Boweri (Larsen & Toubro) 63.93%. Hastings Mills (Bangur) 53.6% ; Gujarat State Fertilizers 74.12% ; Poysha Industrial Co. 52.86% ; Nagarjuna Steel Ltd. 68.36% ; Banswara Synthetics Ltd. 82.15% ; Vikrant Tyres 71.34%. The list of private companies in which Government have more than 51% equity is long. I have read out a few of them, not all of them. It is a big list. How is it that Government has forsaken its responsibility, and gives us everything and plays into the hands of the big monopoly houses ? How private is the private sector ?

The real owners of the private corporate sector industries like DCM and Escorts are never known. We hear of the fight between Sri Rams and Nandas on the one side, and Swaraj of Apejays' group on the other. But who are the real owners of these private sector industries like DCM and Escorts ? It is interesting to know the magnitude of the shares held by the public sector financial institutions. It is very substantial. In DCM the public sector financial institutions were holding 42.54% equity capital. DCM is having only 10 lakh to 12 lakh shares, out of 80.25 lakh shares. DCM cannot obviously control the company without the support of the public sector financial institutions. The public sector would enjoy a clear majority at any Annual General Body Meeting. Therefore, DCM cannot remain in control, unless it has the confidence of the Ministry of Finance.

Now let me come to Escorts. This case is more clear. The public sector financial insti-

tutions have more than a majority equity in the Escorts during 1980 ; that figure is available with me. Nanda could control Escorts because the Government of India agreed to keep them in power. Nanda controls Escorts by the courtesy of the Ministry of Finance, not otherwise. Public sector holdings are having a majority in good number of private sector giant companies—some of them I have given just now. What is the result ? In the case of public sector companies, their accounts are audited and the C & AG will come into the picture. Their accounts will come before the Parliament and also the PAC. In all these cases what is the position ? The Parliament is in the dark. They are out of the purview of the Parliament and also the PAC, etc. Even though govt. has more than 51% equity shares. Democratic accountability has gone. This is something which is highly reprehensible. The Government have to assert its own right and claim its own and take a definite stand instead of being the private companies in the forefront while they recede to the background themselves. This is not in the interest of the nation. Let not Govt. run into the pocket of the private monopoly big houses.

Earlier I referred to big monopoly houses entering into the small scale sector. Now I particularly refer to East India Carpet of Birlas. Carpets come under small scale sector—the parent company is oriental Carpet ; then let me take Porcelain insulators ; it comes under a small scale sector ; Blue Mount Ceramics entered here—the parent company is General Electric of e.g. House. Then take toothpastes, parles have entered here. Then take garments ; finalays entered here. Similarly, cosmetic—JK Singhania ; antibiotics Breweries entered here. Here is an illustrative list of small-scale companies which are subsidiaries of big companies, the names which I have just now mentioned above. Under these circumstances, there does not seem to be any hope. The Government of India say that most of the industrial undertakings which are subsidiaries of the monopoly House owned own and controlled by big Houses are not eligible for special concessions. If that is so, let us see how they enforce this norm what would they do in regard to companies tax planning I have suggested just now.

Multinationals and big monopoly houses

avoid registration under MRTP Act. Thus they avoid coming under the control regulation of the government. They are not thus subject to the directions and policy stipulations of the government. Investment of the scarce resources for socially and nationally useful purpose does not apply to them. They should be normally invested to meet the national requirement in consonance with the declared plan priorities. But is it being now done ? Can it be done ? It is not possible. Take for instance H.P. Nanda—a number of companies were started by him. The address is the same. In the case of Reliance Company, the Minister of Finance, the other day, had given an instance where the address is the same ; 10-15 companies are there, but the address is the same. Similarly, here, again, the address is N II, South Extension, Part II, New Delhi. That is all—Niky Tasha Communications Pvt. Ltd., Niky Tasha Refrigerators Pvt. Ltd., Niky Tasha Technologies Pvt. Ltd., Niky Tasha Appliances Pvt. Ltd., and so on. Like this, there are a number of companies, but the address is the same. M.P. is the same. Why are they doing this ?

Let us take another instance of TVS House, Bangalore. There are 31 companies, owned by the members of the TVS Iyenger family, but none of them are registered. where is the tool for the Govt. to control them. In Madras only, they have got 24 such companies under them.

Similarly, I refer to Mr. Damotharan Ramachandran. He had 15 to 20 companies, many names are there. Number of companies are there. He is the Managing Director of all the companies. Why should a single person float so many companies ? What is the motive ? Is it not tax evasion ? If this is the intention, if the intention is to do only investment business. one single company could have served the purpose. But that is not what is happening. The entire thing, as I said earlier, is done only with a view to tax evasion. It is all tax planning distorting the I.D.R.

Now, let me come to the other aspect. I here refer to some, of the certain distortions introduced in the Industrial Policy Resolution. Government is moving away from the Industrial Policy Resolution of 1956. The regularisation drive is a pro-industry approach, a pro-rich approach. The national leadership

shifted the emphasis from socialism to pragmatism. They are continuing to take an anti-labour policy. They have diluted the MRTP Act. They have de-licensed several industries, and they have thrown open the flood gates to the multi-nationals. And, they have cut at the roots of the concept of strengthening the indigenous and native industries. All this is being done in the name of import of high technology. It has of late become a fashion to run down the public sector undertakings. "The whole concept of public sector was uneconomic and un-viable from its very inception. Public Sector is being treated as a holy cow." One of the Cabinet Ministers, Shri Vasant Sathe, has been saying this, he goes on saying this. He comes down heavily against the public sector. He mounts severe attack day in and day out on public sector. It appears as though, the public sector has lost its role and relevance in the development of this country, or in the industrial development of this country according to the school of thought.

The other day, on the floor of this very House, Shri Vasant Sathe said, "I do not want to be populist by insisting that power should only be in the public sector." It is populism ! If he says, power should be in the public sector, it is, populism ! He does not want to be populist ?

After all, the Industrial Policy Resolution is there. It has very clearly laid down, what industries came under Appendix—A, what industries are in Appendix—B. That being so, if any violation of the principles laid there—under it cannot be justified on any account.

Shri L.K. Jha, the other day, bemoaned that "the private sector does not have the resources or the will to take over the public sector units, except of course, a few which are doing credibly."

This is what is said by Mr. L.K. Jha ! They do not have resources enough to take over the public sector units. It is a very sorry state of affairs according to him. Of course, they may have an eye on some lucrative financially viable, profit yielding industries.

The Prime Minister himself, very unfortunately, having occupied such an eminent position, he has come down very recently very

heavily on the labour. This is very unfortunate. I have to record my sense of protest on this occasion. The Prime Minister said, Indian labour as a whole was most inefficient in the world. To condemn in unequivocal terms, by a sweeping remark, a total condemnation of the entire working class. Condemning the entire labour movement, the labour in this country is most inefficient in the entire world ; is rather unfortunate. (*Interruptions*) If it is wrong...(*Interruptions*)

I have not stated wrongly. This was published in the daily papers.

SHRI VIRDHI CHANDER JAIN : It is altogether wrong.

SHRI BHATTAM SRIRAMA MURTY : If it is wrong, let me hear from the horse's mouth. I have the cutting of the paper with me. If he corrects himself, then I will be too happy. And I will correct myself. He has also said : "It has lost interest in production. Its interest is in more money and protecting their jobs." This is a sweeping, whole sale, total condemnation of the working class as a whole in the country, which is not desirable. That is what I can say.

He attacked the trade union leadership again on the floor of this very House. The records will bear me out. That was the occasion when the textile strike in New Delhi was going on. He said : "A new organised people and the so-called trade union leaders cannot hold the country to ransom."

SHRI SUKH RAM : What is wrong in that ?

SHRI BHATTAM SRIRAMA MURTY : Everything is correct for you. After all, wherever I differ I have to point out. That is why, I am here and you are there.

SHRI HARISH RAWAT (Almora) : You want us to swallow what Mr. N.T. Ramarao has said.

SHRI BHATTAM SRIRAMA MURTY : Why do you bring Mr. Ramarao here ? Do you want him to be in the place of the Prime Minister ?

SHRI HARISH RAWAT : No.

**SHRI BHATTAM SRIRAMA MURTY :**  
Then why do you bring him here now ? I am dealing with the national issues and not State issues.

Mr. Vasant Sathe has also presented a picture at the time of discussion in this House on Singreni collieries, which implies as though the working class is the villain of the piece, because the economy of the industry is going down the drain ; year after year it is running into losses. He says that its poor performance is because of repeated strikes by the working class there. Of course, there is a rationale behind the strike. There is a logic behind the Minister's assertion. Ultimately, the whole impression stands out that the working class is being singled out for attack made scape goats. They are also attacked in a veiled manner. I do not appreciate that Shri Sathe again gave a statement. He wants to give a golden handshake to the workers as most of the public sector undertakings are having surplus workmen. He wants to give them compensation and get rid of them. That is one method. Another method, according to him is to recruit workers only on contract basis, say for two years or three years. And that proposal is under consideration by him. As far as working class is concerned, this type of attitude will not help. Running down the public sector is also not good. After all, the founding fathers of our constitution have very clearly stated that the public sector should occupy commanding heights and it should rightly have that position. Even then what is happening ? Public sector had a dominant role in investments. Year after year, during every Plan its share is going down. In the fourth Plan the percentage of total investment in the public sector was 63.9 per cent ; in the Fifth Plan it came down to 61.1 per cent, in the Sixth Plan it came down to 56.6 per cent and in the Seventh Plan it has further gone down to 51.7 per cent.

As far as private sector is concerned, what is the percentage of investment ? Let us see that also. It is for the benefit of the Planning Minister who is present here,

17.00 hrs.

During the Fourth Plan, the investment made in the private sector was 36.1 per cent ; in the Fifth Plan it increased to 38.9 per cent,

in the Sixth Plan it was 43.4 per cent and in the Seventh Plan it is 48.3 per cent. So, from plan to plan it is increasing. Let us see in quantitative terms what it comes to today. Rs. 1,80,000 crores are going to be spent in the public sector during the Seventh Plan. For the private sector it is Rs. 1,68,000 crores, which is very close to the amount being spent in the public sector. Now if you decentralise, if you denationalise, if you privatise, if the private sector's domination is allowed, then it will be a great doom to the future of this country.

How privatisation is taking place today has also to be seen. Let us take mining and quarrying. During the Sixth Plan, for the public sector it was 41.8 per cent, in Seventh Plan it has come down to 40.6 per cent, whereas in the private sector in the mining and quarrying, it has gone up from 58.2 per cent to 59.4 per cent. For the other transport, in the Sixth Plan for the public sector it was 70.1 per cent and it came down to 33 per cent in the Seventh Plan. In the private sector, as far as other transport is concerned, from 29.2 per cent it went up to 67.2 per cent. The share of the transport other than the Railways has come down drastically from 70.9 per cent to 33 per cent. In the power sector, captive power plants in industries as a rule have been permitted. In principle it has already been agreed to by the Government. Of course, the Planning Commission has raised certain issues which require to be further sorted out. They wanted the decision of the Government to be further reviewed. Establishment of new units in the private sector was also accepted in principle and this again is not correct as per the Industrial Policy Resolution of 1956. Mr. Vasant Sathe takes the credit for this. He said it is in the national interest. The policy framework has provided enough scope for private sector to come into the core sector also if national interest so demands. I will read out from the IPR. Let us see whether it is borne out by the facts : "The State shall secure the co-operation of private sector enterprises, in the establishment of new units, when the national interest so require. Railways and air transport, arms and ammunition, atomic energy will, however, be developed by the Central Government. Whenever the cooperation with the private enterprises is necessary, the State



will ensure either through majority participation in the capital or otherwise that it has the requisite powers to guide the policy and control the operations of the undertakings. It is also simultaneously said, "It is not as if they will have unbridled strength and complete and total control over the entire situation." But what is happening here? Unfortunately, they are giving scope for private enterprises to come into this core sector. Air transport again is in the core sector. For Air India and Indian Airlines, a committee has recently been constituted on 22nd May 1986 with Mr. Ratan Tata as chairman. The Union Cabinet has cleared the proposal for starting air taxi service in the private sector. For 19-seater aircraft it has been permitted. That is another decision taken very recently on 22nd May, 1986. In the telecommunications sector, on 23rd March 1984 the Government relaxed the policy to encourage participation of private sector in the manufacture of telecommunications equipment, switching in transmission equipment, etc. This again permitted in violation of the Industrial Policy Resolution. How aberrations and distortions are taking place! How is the Government totally ignoring and by-passing and neglecting the Industrial Policy Resolution?

Oil exploration : This again comes under the Core Sector. Private bids have been invited for oil drilling both by IOG and OIL in Defence Ministry. The Defence Ministry informed on 22nd May, 1986. It was published in papers. The employees union leaders were told—as may as 17 items of Defence production have been offloaded to private sector. This is the recent decision. Some of the key public sector projects have been thrown open to scrutiny by the private sector. The most recent instance is of setting up of a National Level Advisory Council on programme implementation under the Chairmanship of Rattan Tata. All central sector projects costing Rs. 100 crores and above will be monitored by this Council. The total cost of 108 delayed projects costing Rs. 100 crores and above comes to Rs. 43154 crores and on this Rattan Tata has got supervisory powers. He will be looking after them. The Government is being handed over, not merely one industry, but entire Government operations are being given on a platter to Rattan Tata. He is now visiting

place after place. He is now going into these matters, looking after these matters. Perhaps, the Planning Minister may receive some instructions from him to-morrow or day after. What do people think of all this?

In answer to a question it was stated on the Floor of the House by the Minister for Civil Aviation—for Air India Rattan Tata is the Chairman and for Indian Airlines Rahul Bajaj as the Chairman and now a list of persons who are there in that Committee was also given. What are their qualifications? So in that column, relating to background, qualifications, something has to be said with regard to Smt. Retu Nanda, what did he say? She is a woman entrepreneur. That is the qualification. Then Jatji Rangoonwala is there—what is the qualification? Nill. No qualification. Nothing could be mentioned? You are going to appoint persons as you like, as you please and the entire governmental operations are coming under the purview of those private individuals.

I read from newspaper—

"The private sector scooter giant Bajaj Auto Limited has conditionally accepted the Government offer to take over the lucknow based loss making State owned Scooters India Limited."

The Chairman and Managing Director of the Company—Rahul Bajaj told Pressmen at an informal meeting that the offer to him for taking over of Scooters India was made by the Industry Ministry. This is the thing. This is long back. Now he is considering. He wants to take it over. What is happening to our country? Where are we going?

I will make one quotation and stop this as far as this item is concerned.

RCF—Rashtriya Chemicals and Fertilizers at Chambur in Bombay—What are they doing? It is a public sector undertaking. They have got their own marketing division for industrial products. They are selling the entire production of monopoly item to a



private company at a throw away price.

B.C.D.C they are selling previously at the rate of Rs. 300 per tonne but in 1984 it was revised to Rs. 1000 per tonne. B.C.D.C., the private company sells it to the consumers at Rs. 5200. This is the press report.

In everything that we come across so many private industrialists are being encouraged and they are being supported in this manner. The doors are open to the multi-nationals for foreign collaborations. Here, I will show how things are happening. The number of foreign collaborations approved and investment involved are :

1981	— Rs. 389 crores
1982	— Rs. 590 crores
1983	— Rs. 673 crores
1984	— Rs. 752 crores
1985	— Rs. one thousand crores (around)

Now, it is on the ever-increase. So, the latest fashion is to go in the for foreign collaborations. We are going in for high-tech import.

MR. DEPUTY SPEAKER : Please conclude.

SHRI BHATTAM SRIRAMA MURTY : The doors are kept open for multi-nationals. Under the heading conducive climate for the Canadian investment, it is reported in the Press that the team of delegations, the businessmen who have come from there the hydro power, pipeline projects, oil exploration, oil equipment, telecommunication, dry-land agriculture projects, edible oil production, bio-technology are the areas in which they have shown interest. Most of them are in the core sector. Again I read in the *Hindustan Times* under the heading Italian Giant seeks more cooperation. They have showed interest in chemicals, gas, oil, refineries, energy system etc. What are there in the core sector ? The Union Minister, Mr. Vasant Sathe identified that in energy sector coal slurry transportation, coal gasification etc., Indo-Italian cooperation could take place. There is another heading, ONGC's dubious deal with a US firm. These are various headings every day we are confronted with, when we open newspapers. This is

the situation. That is the treatment which is being given to multi-nationals. The doors are open to them.

But what happens to small scale sector ? The small scale sector had very low investment level initially. But the investment limit went on increasing from Rs. 10 lakhs to Rs. 15 lakhs ; to Rs. 20 lakhs, Rs. 25 lakhs and in 1985, it went to Rs. 35 lakhs to Rs. 40 lakhs. A large number of big units are categorised as small scale units. The Government is thinking of increasing the limit to Rs. 75 lakhs. Therefore, competition from the big industries with the small scale units is becoming inevitable. Most of the items reserved for the small scale units have been removed from the list. Nail cutter was in the small scale sector. That was deleted. Nail cutter is now not in the small scale sector. It is in the big sector now. It has been given to monopoly houses. It is all goods ?

Similarly, I will show some more items. The terminology of certain items continues to be used but the essence of it is totally changed. For example, Zip fastener was in the small scale sector. It is still in the small scale sector. But an amendment is substituted for zip fasteners, namely :

"Zip fasteners—Non-metallic except in the case of integrated plants manufacturing all components."

Similarly, in the case of zip fasteners (metallic) the following has been substituted :

"Zip fasteners metallic except in the case of integrated plant manufacturing all components."

Though this item appears to be reserved for the small scale sector, as a result of this amendment, large companies can manufacture zip fasteners. Now, I will take electrical wiring accessories. This is in the small scale sector. What is the recent amendment made to it ? It is substituted with, electrical wiring accessories other than switches, plugs and Sockets. Plugs are not there ; sockets are not there ; switches are not there in the reserved items. But electrical wiring and electrical equipment is there in the small

scale sector. What does it mean? That means, the whole essence of this thing is taken out from the reserved list by way of substitution and amendment.

As far as the small scale sector is concerned, the Government, unfortunately, are giving a raw deal and therefore they are not able to sustain in the severe competition from the public sector undertakings and large companies.

MR. DEPUTY-SPEAKER : Shri Mool Chand Daga.

SHRI MOOL CHAND DAGA (Pali) :  
Sir, I beg to move :

That in the resolution,—  
after “obligations”  
insert “and available sources ” (1)

That in the Resolution,—  
omit “wrong” (2)

That in the Resolution,—  
for “threatening the economic in-  
dependence of the country”

substitute “delaying economic self-  
reliance” (3)

That in the Resolution, in part (v),—  
add at the end—

“and such collaboration agree-  
ments be entered into which  
may provide for effective steps  
to be taken to update the  
modern technology in the field  
of variety, quality and pro-  
duction cost of products, with  
special emphasis on the deve-  
lopment of rural industr-  
ies.” (4)

MR. DEPUTY SPEAKER : You can speak briefly because, it is already 5.15 p.m. Otherwise, you will make another marathon speech from 5.15 p.m. to 6.15 p.m.

[Translation]

SHRI VIRDHI CHAND JAIN (Barmer):  
Mr. Chairman, Sir, the Resolution moved by  
Shri Bhattam Srirama Murty regarding

economic policies of the country is quite important. I want to present my views in brief on this subject in this House.

17.16 hrs.

[SHRIMATI BASAVARAJESWARI  
in the Chair]

The Prime Minister of the country had expressed his views on public enterprises on 4 October, 1986 on the occasion of Silver Jubilee celebrations of the Shipping Corporation of India. I want to draw the attention of the House towards that :

[English]

Prime Minister Shri Rajiv Gandhi asked the public sector to evolve a package of efficiency and to deliver more than you take. “We cannot pour people’s money down the drain no matter what some people employed in the public sector may say”.

[Translation]

The Prime Minister of our country is also very much worried as to how to make the public sector efficient and strengthen the economy of the country.

It is very clear that the role of the public sector has been such that on the investment made in this sector, 2 or 3 per cent return is being received and that too because 10 or 15 Public Sector Units are earning profit. Majority of the industries are incurring losses.

Therefore, there is need to make effort in this regard as to how to increase efficiency in the public enterprises and thereby make them profitable.

We have adopted socialism in the Constitution of the country. We are following the policy of nationalisation. Besides, we have adopted the policy of the mixed pattern of economy under which there will be public enterprises as well as private industry and the small scale industry.

I also agree with some of the views expressed by Shri Bhattam. Srirama Murty in this respect, because some public enterprises

are also on the way to privatisation. The O.N.G.C. is one such organisation which gives contract to the private companies for undertaking drilling. The public enterprises whether in the telecommunications or in the field of defence should undertake work themselves and should not get it done through other agencies. They should adopt this policy which is very essential. The Unanimous views of all the persons in this respect should be respected.

Just now our friend was saying that the posts of Managing Director and Chairman are filled from among the people working in the multi national companies. I fully agree with his views. After all, what is the weakness in us; why can we not get efficient persons from outside these companies ?

In my State, majority of the Members, Managing Director and Chairman of all the corporations belong to the I.A.S. cadre. They are not capable of dealing with those subjects. As a result, they do not take any interest in their work. That is why these corporations are running at a loss. The I.A.S. officers in these corporations have a superiority complex due to their status. They behave very badly with technical personnel. You should form a separate cadre for the public enterprises and we should also be invited to advise about cadre. The officers employed in those posts should be paid good salaries and it should also be ensured that they have sound knowledge of that particular subject. It will be better if they have good experience of that line. If such a service commission is set up for public enterprises, you will be able to appoint capable Managing Director and Chairman etc. I would also like to say that if you provide for 50 per cent promotion on selection basis, it will further increase the efficiency.

A situation is developing in the country in which the Government Corporations and public enterprises are increasing costs of their items to earn more profit. This is going on at a very large scale. This is a very dangerous tendency. The prices of steel and fertiliser are increasing on account of such a tendency. This increase affects the prices of other items. It adversely affects the economy and inflation takes place.

It is my firm view that there is need to increase efficiency, but there is also need to curb the tendency of earning profit by increasing the cost. The mills in the private sector go sick due to mismanagement, I am not at all in favour of their take over. Other industries which are sister concerns of that particular industrial house continue to earn profit and the sick industry continues to remain sick. Keeping in view such a tendency of the private mill owners, the Government should not take over such sick industries. A question arises in this connection as to where to employ the surplus labourers of that sick industry and the Government should find some way out. I think the Government can find some alternative. Those labourers must be provided some alternative employment who are rendered jobless.

Our friends of the Communist Party and other regional Parties raise the question of advanced technology. In my view also the country needs advanced technology and if we do not get advanced technology and technical knowhow from other countries, our country cannot make progress. It is true that efforts should be made to improve indigenous technologies but our policy should not be such as to inhibit import of advanced technology from other countries. We should adopt a liberal policy in regard to import of advanced technology from other countries.

Besides, I would also like to say one more point. At present Managing Directors, Chairman and Directors do not come under the purview of the Vigilance Commission. So a system should be evolved that if they indulge in corrupt practices, they should be brought under the purview of the Central Vigilance Commission so that action could be taken against them. They should be brought under the purview of the Central Vigilance Commission.

I hope that the steps taken by our hon. Prime Minister will help the public enterprises in increasing their efficiency and the public enterprises will make progress. At present we are getting return at the rate of two to three per cent on our investment made in the public sector units which, I hope, will increase to seven to ten per cent. When we have adopted socialism in the

country, nationalisation is also equally essential. I hope that the Government will take positive steps for the progress and development of the country.

With these words, I conclude my speech on the Resolution moved in the House.

**SHRI HARISH RAWAT (Almora) :** Madam Chairman, the Resolution moved by Shri Bhattam Srirama Murty in the House would have been welcome if the points raised by him at the time of moving the Resolution had not been motivated by political considerations.

So far as the question of forming a socialistic society and the role of public sector in it is concerned, I think there cannot be two opinions about it.

[English]

**MR. CHAIRMAN :** Mr. Rawat, you can continue on the next occasion. Now the House will take up Half-an-Hour's discussion.

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#### HALF-AN-HOUR DISCUSSION

[Translation]

##### Disbursement of income-tax free cash awards

**SHRI MOOL CHAND DAGA (Pali) :** Madam Chairman, I was reading to-day's Nav Bharat Times. It has been reported in it—hon. Minister of tourism, thank you you are surprised—tourists do not indulge in smuggling. I am not referring to them. It has been reported in the today's newspaper that narcotics worth lakhs of rupees have been recovered. Respected Bhagatji is residing in Delhi. He reads newspapers daily. Reading such news...*(Interruptions)* They mostly get shelter here. This is the place where such people get shelter. This is a haven for smugglers. In our Marwari dialect, there is a saying that under the tree of tamarind lives the ghosts...*(Interruptions)*

**SHRI HARISH RAWAT :** The patron is present here.

**SHRI MOOL CHAND DAGA :** I am grateful to Shri Simon Tigga who has raised this matter under the Half-an-Hour discussion. Now I will read out the answer of the hon. Minister :

[English]

"Under the existing reward scheme, rewards are paid upto a maximum 20% of the estimated market value of the contraband goods seized/duty which has been detected/released under the Customs Act, Central Excise and Salt Act, Gold Control Act, and Foreign Exchange Regulation Act, to the informers and departmental officers separately. In respect of gold, silver, arms/ammunitions, opium and other narcotic drugs etc, subject to the overall ceiling for rewards, 50% of the entitled reward is paid immediately after seizure as Advance reward".

[Translation]

My first question is that yesterday goods worth Rs. 2 crores were seized and 24 hours have since passed. What reward have you given to the person who had informed you? The informer should be given 20 per cent reward separately. The officer who seized goods should also be given reward. Both should be awarded the prize. The Government is very liberal in this matter. Actually, no smuggler is apprehended, it is only the agents who are caught. We have read in the newspapers that 40 per cent of the value of the goods thus seized will be given as reward. It seems that you have decided to squander the wealth of the country in this way. We know that the Government machinery does not work without incentive. In the times to come, the Government servants will have an upper hand and you will find yourself in great difficulty. He demands bonus today the repercussion of which you are seeing not only in Uttar Pradesh, but in Rajasthan and Andhra Pradesh as well. Probably Gujarat may become victim of such a demand tomorrow. At present no customs or Excise Officer works unless he is given incentive,

**SHRI HARISH RAWAT (Almora) :**