

(vi) **Need to write off loans given to the victims of 1984 riots**

[*Translation*]

SHRI MADAN LAL KHURANA (South Delhi): Mr. Speaker, Sir, the Government of India gave houses to the homeless victims of 1984 riots in Delhi and bank loans to rehabilitate them and also gave economic assistance to many for this purpose. Since at that time the victims of riots were in dire need of money, they took loans on the conditions laid down by the Government.

Now it has become very difficult for them to pay the interest on these loans. The matter of recovering principal amount with interest thereon from the riot victims was taken to the Supreme Court. The Supreme Court on 7-11-89 issued directions to this effect that the amount given as loan should not be recovered till the new policy of recovering funds came into force. We demand from the Government that the loans taken by the poor people for trucks, taxis and running small shops at the time of 1984 riots, be written off along with interest thereon and the culprits of 1984 riots punished.

(vii) **Need to review the policy of opening of "Dealers' centres" by State Bank of India, Foreign Department, Calcutta**

[*English*]

SHRI HANNON MOLLAH (Uluberia): Sir, the State Bank of India Foreign Department, Calcutta had been performing the Foreign Exchange Dealing & Cover operation since inception. But the management under the plea of decentralisation, shifted the jobs by opening Dealing Centres at other places, though the Department with centralised cover, expertise and latest Telecom Network, are in a far better position than others to quote competitive Foreign Exchange Rates to the clients. To maintain similar infrastructure at various places is sheer wastage of public money. The Government since 1960 shifted

so many jobs from Calcutta and further shiftings are on the anvil.

Instead of doing such thing, SBI could avoid wasteful expenditure by closing down other centres, abolishing the post of "Dealers" and bring back those jobs to Calcutta office, for efficient and centralised management.

I urge upon the Finance Minister to look into the matter and take appropriate action accordingly.

13.20 hrs.

DEMANDS FOR GRANTS (GENERAL), 1991-92—Contd.

Ministry of Industry—Contd.

[*English*]

MR. SPEAKER: Now we take up the Demands for Grants of the Ministry of Industry for discussion. The time allotted for discussion was 8 hours and the time taken is 14 hours and 44 minutes. Shri Nirmal Kanti Chatterjee was on his legs. He may speak for a few minutes. After that, the hon. Prime Minister will reply to the debate.

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum): I am acutely aware that time is unbounded. In every specific case it is rather limited, in some cases very serious. I therefore, request you that whenever I just seem to be irrelevant kindly pull me up. Otherwise I beg the permission of the Prime Minister and the Minister of State for Industry to allow me to continue.

MR. SPEAKER: I do not think you are asking for unlimited time.

SHRI NIRMAL KANTI CHATTERJEE: No, Sir.

The other day, I was referring to the first steps that are taken to reduce the scope of planning. I quoted a few figures. Perhaps, I would conclude that only by adding the figures of the Railways. In the case of Railways, the revised figure of plan investment was Rs. 4916 crores. This has been raised in the present

Budget to Rs. 5325 crores. I mentioned Railway for no other reason but that Railway is one sector which is considered to be quite labour intensive.

A very young friend of ours, Mr. Mukul Wasnik, stated that less governance means better governance. Unfortunately, we are unable to share that primitive view. Time, of course, was when the States and Governments were busy, excepting in one sense, with law and order. Then the advance of humanity is characterised by more and more Government functions building roads, even in the Moghul days or earlier, irrigation facilities from Government side. The Climax, of course, was in getting into industrial investments also when industries became quite important for our economic activity. If at all the governance has to be reduced, I will prefer that it is law and order which is to be reduced and not the welfare functions of the Government.

I will not go into the aspect how we do take pride in planning. The hon. Prime Minister will certainly understand that one of the ways the humanity distinguishes itself from the animal kingdom is in its ability to plan. It sets goals and tries to achieve them. So to try to give away or to reduce the area of planning cannot be considered a step for the advancement of humanity despite the experiences of the USSR.

In the Industrial Policy Resolution the goals have been stated. Among the goals, rapid industrialisation was one such goal. Why rapidity we all know. We wanted to achieve in decades what had been achieved in centuries in the West. Therefore, there was unanimity on that. That is only one part of it.

And also in terms of rapidity we have not succeeded, in the sense that we have not been able to achieve in decades what others have achieved in

centuries. As I mentioned in my Budget speech also, we have slid down in the rating on industrial development in the comity of nations. We were among the first ten countries in the world. We have slid to among the first fifteen countries of the world. I had mentioned at that time that our share in world trade was one per cent at the time of independence which has come down to 0.65 per cent in the present and which indicates that even the rapidity was not rapid enough. One of the reasons why we want to industrialise our country was that there would be a population shift in terms of employment and housing from agriculture, which can no longer bear the huge fraction of our population. In the last ten years, the population shift away from agriculture was almost stagnate. Industry was absorbing a population labour force of not more than 25 per cent. So, let us forget about the rapidity. We have to find out how we can really rapidly develop. One of the reasons for industrialisation was to provide employment. When we talk about the private sector, we allow ourselves to forget that private sector is rather jettisoned in terms of employment. I will just quote the figures. The Finance Minister is here, he knows. Hon. Prime Minister is here and he should also know. In 1983 the private organised large-scale sector employed 75.52 lakhs of people. In 1989 the employment in private sector has come down to—I underline—74.70 lakhs. This is when you talk about the private sector coming to maturity, coming of age. We should remember, employment has been mentioned as one of the goals of industrialisation. But, in the private sector what has happened? We also say that by industrialisation what we wanted was not only public sector—certainly public sector was one instrument—but basic industries, heavy industries. Let us remind ourselves about the argument. On the dawn of freedom, we felt inhibited that there was not a significant internal market. We have to expand that. One line of

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attack was through land reforms. Land reforms we thought, would expand the market for industrial development. The other argument was emphasis on the basic non-consumer goods producing industries that will generate income, that will expand market on the basis of which rest of industrialisation would take place.

Steel industries are such heavy industries—certainly some of the hon. Members must be knowing about it—they generate income along with goods which are not consumed. Therefore, the consumer goods market expands. Now, what has happened in the last ten years. The surprising thing is that the highest growth was not in the investment goods industries. With 1980-81 as 100, the highest growth was in consumer durables. The index was 296. And for those people for whom we meant industrialisation, the poorer sections of the people, the ninety per cent of our population who are interested in consumer non-durables, the index was only 158—almost half of what we have done in durable consumer goods industry. Not only that, I will give you an example of effective employment also. We are producing washing machines. It costs about Rs. 10,000. Not only directly, indirectly also how employment is affected, let us try to ponder: With Rs. 10,000 in fixed deposit, one can earn Rs. 100 a month. With that Rs. 100 a month, any family can provide part time employment for washing clothes...*(Interruptions)*.

AN HON. MEMBER: That is not correct.

SHRI NIRMAL KANTI CHATTERJEE: I have said part time employment for washing clothes...*(Interruptions)*. I am from Calcutta. I am not that rich to be living in Delhi or Bombay. I know that for part-time washing of clothes, women folk will ask for only Rs. 40 or Rs. 50.

SHRI INDER JIT (Darjeeling): Sir, If I might inform the hon. Mem-

ber. For the last two months we have been trying to get a part-time women washer and are willing to pay more than Rs. 100 per month. But we have not been able to get one.

SHRI NIRMAL KANTI CHATTERJEE: I am sorry, this is Delhi; this is not India. I am simply suggesting that let us imagine that if there are one lakh washing machines in the country, that means we are depriving approximately one lakh partial employment in the country. It is not only directly, indirectly also by producing this kind of goods, employment is affected. Similarly, one can take the example of dust cleaners. This kind of development has overtaken us in the course of last ten years...*(Interruptions)*.

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER): We should do away with the type writers also.

SHRI NIRMAL KANTI CHATTERJEE: Yes, if you could.

Sir, when Pandit Nehru was alive and when the Second Five Year Plan was formulated, what was the approach? Were we not interested in technology? Of course, we were. We were interested in the highest technology in such areas only which either allowed us to export or where they are basically needed for further development in our country. In fact, we wanted the allocation of resources in small-scale and other sectors for our domestic consumption needs. We should base ourselves with whatever is availability and try to develop internally, may be slowly, with technology that we characterise as appropriate or intermediate technology. In fact, it is here that Nehru and Gandhiji made the idea of having a very strong industrialised country with the practice of highest technologies, combined with appropriate technological development, for meeting domestic consumption needs. We did not propose manufacture of washing machines. That was both anti-Nehru as

well as anti-Bapuji. Let us remind ourselves. It is at that point that we made them agree. But that has not happened. Today when we adopt this industrial path, we know that in setting up the goals, we have to have the means. What are the means? We can classify them in three ways. One is that there will be that fiscal instrument, there will be reduction in inequality in wealth and income among men and areas. So, there is that fiscal instrument. There are other instruments of control so that the private sector can be pushed. We are not opposed to private sector prosperity, not at all. If there is any such idea, that should be given up. But to propel them in certain direction, to achieve the goals, we have certain acts, control instruments. The Industries Development and Regulation Act, the MRTP Act etc. are some. Because of our experience of foreign capital domination, we have FERA also. The third instrument which was to guide our industrialisation to the proper path is the public sector. This Industrial Policy statement covers these areas and I am glad that it does so. (*Interruptions*)

AN HON. MEMBER: How many more minutes you will take?

MR. SPEAKER: Nirmal Kantiji, you have already spoken for about 25 minutes. Please try to conclude.

SHRI NIRMAL KANTI CHATTERJEE: How many more minutes would you permit me to speak? Let me try to conclude it.

Let me mention about the role of public sector. The criticism is from different angles. One is it is inefficient and loss-making. Why has it been permitted to enter into all kinds of areas—like food, oil and such other things. I want to submit this. If you talk in terms of efficiency in the economy, what prevents you from eliminating freight equalisation? You know it very well that freight equalisation adds to the cost. The average is always higher than the mini-

mum. If we want Indian industry to be competitive in the world trade—gradually if not suddenly—then you have to reduce this freight equalisation which in a foolish moment of our history we introduced, for certain other noble purposes of course. If efficiency is the criterion, why do you not look at that point and strive to achieve the goal?

The other thing is when you talk about losses, the public sector has to be looked as a whole and not in terms of individual units. We give fiscal concessions to attract private sector and big people into backward areas. Is it not a loss? Is it not a loss to the Budget? Therefore, even when it fails, in certain cases, public sector has to go there. A unit has to be established in a backward region which does not have infrastructure. It is for the public sector to do that, even if it is a losing concern. What we have to look at is not at the micro level only. We have to look at the subject as a whole. That is the role necessary for the public sector.

It is accused that why does it enter into producing oil for consumption. Is it for making profits? They have mentioned about the State Trading Corporation. Should we or should we not dismantle it? Should we or should we not intervene by producing Dhara oil? Should we or should we not enter into the market to produce certain kinds of commodities when the private sector is reaping profits out of them? Should we or should we not allow the public sector as a whole to enter into profitable areas so that its losses and loss-making units are covered? This macro approach has to be there. Those who denounce the public sector completely forget about that.

Sir, just one other point. It is said that private sector has come of maturity. The Hindustan Motors has been producing motor cars for forty years. Is it a point to prove that? We are not very happy with Maruti Udyog

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for so many reasons. But, please remember, it was the public sector Maruti Udyog Limited which brought in and pushed the other units, at least for some technological innovations. We know how much priority they give. We know that if the public sector is cut, technology will not come to the private sector, as also the market for the private sector: the need for the public sector is no less in the private sector. If the public sector spending is not there, the private sector will not flourish. That is the experience for the last 40 years. The pat and push was necessary. I do not have much time to go into the details. Already this morning during the Question Hour we have learnt how the abolition of controls will affect the small scale sector also. I will make a mention of the foreign capital now. About foreign capital, in China also they are doing the same, I know that. References have been made to them. There is only one difference. In China the condition of foreign capital investment is this—either they export more than they import plus the royalty that they send out or they are not allowed to. Can you do that? My question arises from that. Foreign capital has been asked for in the export trade also. (*Interruptions*)

Now, imagine the capacity that we have. Our Finance Minister bemoans Indian exporters who have sold goods outside. We cannot make them bring foreign exchange earned there to our country. It is far fetched, and we are expecting that if multinationals are allowed in our export trade, in our trading sector, we will be able to compel them. This is the difference we find when some talk about Chinese experience, comparison between the Indian and the Chinese experience, arises. (*Interruptions*)

Sir, naturally I cannot keep the Prime Minister waiting for some time. (*Interruptions*)

SHRI INDERJIT: You want a return from the public sector. Is it not?

SHRI NIRMAL KANTI CHATTERJEE: As a whole, yes. I have absolutely no doubt that as a whole the public sector should be made profitable. Therefore, as a whole, the public sector should be allowed into the areas which are profit-making, they should not be left into the hands of the private sector only. I believe that it is the competition between the public sector and the private sector which is relevant for the internal private sector.

MR. SPEAKER: Please wind up.

Okay, Sir. I am completing with some references.

Sir, the problem of bureaucracy is there. Permanent Civil Service is something which our country is not able to avoid. The point is how to control it. This Civil Service can be controlled either by dismantling it or by allowing privatisation or by people's intervention.

SHRI INDERJIT: Or by cadres.

SHRI NIRMAL KANTI CHATTERJEE: But not cadres like you.

Sir, I now conclude by making a reference to the small scale sector. I wanted to give some facts about all things. It has been mentioned in the Industrial Policy. After all, don't we control the public sector financial institutions? It has been said so. This applies to small scale sector also. The public sector financial institutions apart from the minor amendments that private sector mutual funds be permitted as has been mentioned in the Budget, do you know what is the performance of the public sector financial institutions? We are investing in industrial minerals some Rs. 7000 crores. Private sector sick units have locked up more than Rs. 7,700 crores.

MR. SPEAKER: Please conclude.

SHRI NIRMAL KANTI CHATTERJEE: I don't take much of your time, Sir. The fact is that the public sector financial institutions if they have done anything, they have propped up the top 20 business houses in our country and it is an economic law almost as J.M. Keynes has indicated in one of his celebrated books. If a poor man goes to a Bank, the Bank controls him and if a rich borrower goes to the Bank, the rich borrower controls the Bank. The financial institutions are controlled by them. You have opened the small scale sector for their entry; 24 per cent can be invested by the larger firms in the name of availability of credit. In the meantime, you have also allowed floating interest rate within the country. Are you not ashamed to claim that this would help the small scale sector? When banks or the financial institutions give loans, they look into the creditworthiness. If the Tatas go there, they get 10 per cent interest rate and if the small scale sector people go there, they are charged 20 per cent rate of interest. That is the rule of the market. When you throw everything open to the market, you forget that both the baby and the adult are present in the market. The MRTP Commission has not been allowed to function at all. We know that despite the presence of the MRTP, the top 20 industrial houses have grown enormously in the course of the last 10 or 15 years. Is it because of the Act? If it is so, let us have a second look into it. It is more so because of the Government's inclination. Who understands more about the operation of the licensing policy in the last 20 years, excepting us from West Bengal? Licences were denied even if the industrialists approached saying that the units would be established in West Bengal.

MR. SPEAKER: You are elaborating too much. We are quite capable of understanding your point without elaboration. Please conclude now.

SHRI NIRMAL KANTI CHATTERJEE: Sir, I am concluding now. We have the experience of Dalla Cement Factory in Uttar Pradesh. The Government wanted to hand it over to the private sector, but it did not succeed in it. The workers resisted; they gave their lives and the history will be decided in that fashion here also. The working people of this country would like that the public sector as an instrument for reaching towards the goal cannot be allowed to be liquidated. They will be on the streets if they cannot get it on the spot. Those who support you and those who say that liberalisation is excellent are individually approaching you and say that let there be liberalisation in the fields not where they are, but where the others are. Those who are supporting you today will sit on your neck tomorrow to say that you have done too much and you have neglected their interests. Even your expectations of funds from them will be lost in the process of these liberalisation efforts. What you are really doing is that you are trying to mortgage this country. It is not that you do not understand it. I do not question your patriotism also. But this liberalisation of the last 10 years almost leads you, as a part of your continuity, to change your patriotism to suit the needs of IMF. This is the criticism that we are trying to make. Is there a way out?

I say let us remind ourselves that even today the largest volume of goods are transported, not by railways but by bullock carts.

MR. SPEAKER: Now you are to conclude.

SHRI NIRMAL KANTI CHATTERJEE: The domestic fuel comes not from atomic energy but from cow dung in the countryside. We are in that world.

When we talk of international relations, when you point out somewhat

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derisively to the experience of the Soviet Union, let me remind you of this, that if the world is still being united by any single force, it is the multi-nationals. You are integrating yourself with the multi-national power of the world who really command the resources of the world. 67 to 70 per cent of the industrial output is controlled by them.

Multi-nationals together control the world industrial output of more than 80 per cent. It is with them that you have to battle and not surrender, not get integrated. If you do that, if only you are ready to give battle, we are with you. If you are not prepared to do that, we wish you go to hell.

THE PRIME MINISTER (SHRI P. V. NARASIMHA RAO) : Mr. Speaker, Sir, I am grateful to the hon. Members who have participated in what has turned out to be the longest, perhaps the longest ever, debate on the Demands of the Industries Ministry.

SHRI INDERJIT (DARJEELING):
It has stretched too long.

SHRI P. V. NARASIMHA RAO:
Yes. It has been much too long and much too repetitive too. But then hon. Members are as much entitled to repeat one another as to bring up fresh points. So, my gratitude to all of them.

I shall not refer to each Member but I shall only confine my reply to certain points made on certain salient subjects which figure in the industrial policy and that, I think, should be enough to cover the entire debate.

For the rest, Members have also referred to certain specific industries, specific problems of industries, in their own areas. It is a legitimate point made by each one of them or many of them.

What I would propose is that we will go through the debate, go

through the speeches and each individual Member will be sent a note or a reply in regard to the specific points raised by him so that no Member need be under the impression that his own area or the specific difficulty pointed out by him, has been ignored at Government level. That is not the intention.

The first criticism, the first comment about the new policy, has been that either it has been dictated from outside by some one or it has deviated from the industrial policies of the past.

Now I would like to very respectfully submit that neither of these charges is true. The industrial policy directly emanates from the Congress manifesto which promised to the people exactly what the industrial policy has come to contain. The Party promised to tackle the problem through vigorous export promotion, effective import substitution and increasing productivity and efficiency in the economy, among other things. In the industrial sector particularly it promised to pursue a sound policy frame-work which would lead to encouragement of entrepreneurship, simplification of the regulatory system, bringing in new technology and increasing competitiveness for the benefit of the common man.

Now, Sir, even this Manifesto is not a sudden creation or a sudden development. It has emanated as a logical result from the long experience of forty years. The policy statements have come from time to time, from decade to decade, perhaps more than once in the same decade. Therefore, there is a continuity, there is a logical sequence to all the statements and it is not correct to say, I submit, that there is something abruptly brought into this policy which was not there earlier. This is only an elaboration. This has also derived from the experience of the past that in some areas if we have been hesitant, or, if we have gone only half-way and we have

not found the dividends that we expected, then it is necessary to go in the same direction a little faster and may pull out a few more obstacles, dismantle a few more difficulties which were coming in the way. So, it is, in general, an extension of the previous policies and nothing very new. So, to say that some one, from outside has been dictating this policy would be very wrong.

The other charge is that Pandit-ji's line, Pandit Nehru's industrial policy has been given up. This again, I have explained several times before and briefly I would say again, is not correct. This charge is far from true.

I would refer to the Industrial Policy Resolution of 1956 which laid down the foundation for a strong and diversified industrial base in the country and which continues to guide us in our industrial policies and procedures. It is a remarkable tribute to the vision of Pandit Nehru that the objectives laid down in that Resolution are as true and relevant today as they were in 1956. The basic objective in that policy was to speed up industrialisation in the country. Towards that end, it provided for industries of basic and strategic importance in the Indian Public Sector. Now, this is the most crucial thing. What was strategic at that time, what was basic at that time was included in the Public Sector. It was also clear that there were some sectors in which apart from the Government no one was prepared to do the investment of that order. It is very clear. We went round the world. Indira-ji spoke about this times without number. How did the Bhilai Steel Plan come? We wanted to build a Steel Plant with assistance from other countries. They said: "Why do you need a Steel Plant? You don't need a Steel Plant. Here, we are. We will supply you steel. But, we wanted to be self-reliant, we wanted a Steel Plant. We wanted these key industries, these basic industries and at that time no one other than the Soviet Union was prepared to oblige us. That was the reason we had to go in for the Steel Plant

because we could see that in their denials there was a design. It was not just a case of saying. "No, we can't afford it. We cannot give you." But it was a case of saying: "We will not give it to you".

There was a design behind that denial. That is why we were determined to go in for it. Now, times have changed. Today again it is possible for the Public Sector to go into areas where the Private Sector will not go.

14.00 hrs.

where it is very necessary to go and make investments of a large magnitude, the public sector will go and the policy very clearly lays down that it will do so. Today we are talking about the expansion of the public sector. But where is the money going to come from? The public sector has got an investment, I am told, of about rupees on lakh crore already. It has not really given the return which it was expected to in order to plough back in the expansion of the public sector. Now it is just not possible for the State, for the Government to find resources of that magnitude which could result in any appreciable expansion of the public sector. This is a stark reality today. So, we cannot say that the public sector is being jettisoned. We know that the public sector is important. We found that it was useful—and useful from many points of view. We are happy about the public sector and its performance, in certain areas. But in the most crucial area of paying for its own expansion, we are not happy about its performance at all. Therefore, we had to find today other avenues because whatever you produce in the public sector today is not going to be sufficient. How much do you produce? 36 or 37 per cent of the fertilizers in this country. The same is the case with steel; the same is the case with everything that is produced in the public sector. And unless you expand the public sector, for which there is no money, your needs will not be met.

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It is that simple. Therefore, either we have to import or we have to diversify and entrust it to sectors where it is possible to produce goods in that magnitude. Therefore, it is more a pragmatic approach to the question. There is no theoretical approach. If it comes to efficiency, whether it is private or public, any inefficient industry will perish. It will not stand. Today we are in competition with the whole world. The engineering graduate of India is much better than a non-engineering graduate of India. But he has to compete with the engineers of other countries.

Industry in India has to compete with the industries in other countries. And if we think that we can live all alone in this country or can live in an isolated way, this, I think, is not correct, is not going to be possible. All other countries with centralised economies, are now relating to, and entering the world economy in a big way. We have already entered the world economy in a big way. We are already there as a part of the world economy. But we have to really gear ourselves in order to make a place for ourselves in the world economy. And this is the need of the hour. And that is why, we have to be competitive. That is why, we have to think of cost effectiveness. That is why we have to think of the latest technology.

Coming to technology, Nirmal Babu has told us something about appropriate technology. If you have a washing machine, how many people are you throwing out of employment? The only thing is, if you have a lakh of washing machine being made, to how many are you giving employment, on the other side? (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE : How many?

SHRI P. V. NARASIMHA RAO: Let us calculate. And what kind of employment are you giving, what kind of employment are you diversifying. (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: Those resources which are utilised for producing washing machine, could be utilised for other purposes. (Interruptions)

SHRI P. V. NARASIMHA RAO: That is the point. If you take that as the criterion, then you will remain a country of maid-servants only. This is the point. (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: That is your idea... (Interruptions)

SHRI P. V. NARASIMHA RAO: You are condemning our women folk to life of drudgery permanently. That is where diversification is necessary. That is why, we have not given them any education so far.

Let her be educated. She will refuse to do the washing, the moment you educate her. Today, we are talking of a society, which itself is fast changing. And if you do not admit that this change is coming, you will be overtaken by events. This is what I would like to say. It is very simple to say that "you are throwing people out of employment". But what kind of employment? (Interruptions)

SHRI K. P. UNNIKRISHNAN (Badagara): The production and growth rate of durable consumer goods have come down. I challenge you. Why? It cannot be sold. (Interruptions)

SHRI P. V. NARASIMHA RAO: The point raised by Nirmal Babu is totally different. We want to modernise; we want to be a modern society; we want to be a society in which every member has certain quality of life. (Interruptions)

SHRI BASU DEB ACHARIA (Bankura): Production minus employment?

SHRI GEORGE FERNANDES (Muzaffarpur) : You are talking of only three per cent...

SHRI P. V. NARASIMHA RAO: I am not talking of three per cent. One example has come here. I am only trying to say something about a particular example. I am not talking of three per cent; I am not talking of thirty per cent. I am talking of an India, which wants to be equal to other nations. India does not want to be lagging behind for all time. India does not want to be backward for all time. (*Interruptions*)

SHRI BASU DEB ACHARIA : What section of people will use these washing machines? What about the 50 per cent of people of our country, who are living below the poverty line? (*Interruptions*)

SHRI P. V. NARASIMHA RAO : Shri Acharia, I would like to make it very clear that it will not be possible for anyone to keep Indian society backward for all time. Whatever the price to be paid, we will have to modernise; we will have to become competitive; we will have to rub shoulders with others. There is no other way. Let us be very clear about that. (*Interruptions*)

SHRI BASU DEB ACHARIA: At the cost of the poor people! (*Interruptions*)

THE MINISTER OF STATE OF THE MINISTRY OF INFORMATION AND BROADCASTING (SHRI AJIT PANJA) : There is the highest number of unemployed in West Bengal. 187 big industries remain closed and about 7000 small and medium industries had been wound up (*Interruptions*)

SHRI BASU DEB ACHARIA : That is because of your policy. (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum) : For the sake of modernisation, the handloom sector will be abolished immediately and only hightech units will remain!

SHRI P. V. NARASIMHA RAO : The handloom sector has never been

abolished. It will never be abolished. Going further have an eight spindle Ambar Charka which has come into the market now and it is going to be inaugurated in the next few days. (*Interruptions*). All these are going to coexist in this country and each one of them will be allowed to exist and flourish. This is the industrial policy. There is no question of allowing any of these to get extinct. There is going to be competition within each particular area. There is not going to be a competition between the big and small and the medium. That will not be allowed because that is the gist of the policy. (*Interruptions*)

MR. SPEAKER: This is a running commentary!

SHRI SOMNATH CHATTERJEE (Bolgpur): I quite appreciate; he has said India will not remain backward. He has got his own perception of forwardness. I would like to know how much percentage of people of this country will have the benefit of the so called advance and the progress. What is his computation?

SHRI P. V. NARASIMHA RAO: An increasing number; an ever increasing percentage of this country will get the benefit. Their incomes will increase. Their lines will improve and that is the aim of the industrial policy. It is not true to say that this industrial policy is going to benefit only a small class. Those days have gone and it is not possible. The whole country will have to be buzzing with industry starting from the village and going upwards to the metropolis. There is no question of locating anything only in the metropolis, only in the cities.

I would like to give an example. Why are industries coming to India from outside? They are not coming for charity.

SHRI BASU DEB ACHARIA
Cheap labour.

SHRI P. V. NARASIMHA RAO: They don't want to come for charity. They have certain facilities here.

SHRI BASU DEB ACHARIA: To exploit.

SHRI P. V. NARASIMHA RAO: No. We will not allow them to exploit. There is no question.

SHRI NIRMAL KANTI CHATTERJEE: Because even the business of the top five percent of India is as big as that of France.

SHRI P. V. NARASIMHA RAO: All these old shibboleths will have to change. They have changed everywhere and only you and I have been looking for them all these years. Let us look into ourselves. Let us look to our own possibilities and our own scope. There is no use of repeating old slogans. That is not going to help at all. We will have to think of our own conditions; we will have to think of what is good for India. That is important. What is contained in this is going to be important in the sense that this is going to change the face of India and the industrial profile of India.

SHRI NIRMAL KANTI CHATTERJEE: We are repeating old slogans and they are implementing the policies to disaster!

SHRI P. V. NARASIMHA RAO: We have gone by a model. (*Interruptions*)

Let us understand. Let us admit old mistakes. Let us admit the distortions. Only then we will make any progress. It is not possible to close our eyes to what has happened; close our eyes to what should have happened, but not happened; let us not be dogmatic—that is not the way of progress. We will have to be pragmatic; we will have to see where we have gone wrong and we will have to correct those things.

About the public sector I am clearly stating that there is very little scope for any expansion of the public sector in the areas in which it has been dominant so far. It will have to go into new areas, frontier areas of technology where high investment and also high technology will be needed. If that is not done then our country will again become backward and remain backward.

It is true that the private sector does not go in advance. Private sector only follows and I agree with Nirmal Babu that the public sector is important even for the private sector. This we have been saying, this Rajiv Gandhi said, this Indira Gandhi said; this has been one of the accepted principles of the public sector itself; one of the reasons for which the public sector existed and will exist. Therefore there is no question of winding up or dismantling the public sector. It will go into new areas; it will go into pioneering areas; it will remain the pioneer of the industry in this country.

About licencing policy I don't think there can be any objection to the removal of all the difficulties; the licencing procedure and so on and making industry and industrialisation easier than before. I don't think there can be any serious objection to this. This is because, again everyone has been complaining in Parliament, out of Parliament, everywhere about the kind of irritations that one has felt in starting an industry. Young men come, go from pillar to post, they go on bitterly complaining about all these things. Today if we are removing them, there is no need for anyone to complain. I would say that all the complaints will be a thing of the past. There will be some difficulties emanating from human nature. But at least the man-made barriers that we have made for various reasons will go.

SHRI NIRMAL KANTI CHATTERJEE: So there will be no control!

MR. SPEAKER: Nirmalji, the hon. Prime Minister is addressing the House. He is not addressing you alone. So please don't respond to everything that he says.

SHRI NIRMAL KANTI CHATTERJEE: That is what I thought. He is not addressing either us or the country!

SHRI P. V. NARASIMHA RAO: He wants to monopolise my attention because he was saying that he was obliging me by ending his speech!

SHRI JASWANT SINGH (Chittorgarh): I am entirely in agreement with what the hon. Prime Minister said about unshackling all these processes, bureaucratic requirements, etc. But as he is proceeding on to another point I must intercede. There are three new innovations—the new trade policy, new fiscal policy and the new industrial policy. But the corresponding changes that ought to take place at a more holistic level; say for example in Customs or in the Reserve Bank approach or regulations; unless that is simultaneously done, Mr. Prime Minister Sir, the change that you want, the rapidity with which that change ought to come about, would in fact be defeated and if that change is defeated because the holistic change in approach and simultaneous harmonious change in all the laws that impede this change—and unless that is brought about by the Government, I think we will suffer. That is a thought that I would like to leave with you Sir.

SHRI P. V. NARASIMHA RAO: That thought is very much with us Sir; thanks to the hon. Member. We are now engaged in making all the consequential changes in the rules, regulations, abolitions; whatever has to be abolished and whatever has to be modified that is being done.

Only yesterday there was a proposal to more or less dismantle the DG S&D in one of its activities. We are looking into it. We take a few days

to see whether anything still remains to be retained in that. So, this kind of examination is going on in all these matters. On some, orders have already issued. I would not be able to give you the full list; but we are very much conscious of the fact that a policy without a follow-up in respect of the bureaucratic, rules, regulations, all the other follow-ups is really no policy and will not take us very far. That is being attended to; I would like to assure the House, on that score.

About multi-nationals, I really don't know why this fear of the multi-nationals is still haunting us. I would like to submit to the House that what we consider multi-nationals in the past as a big monster coming from outside is no longer a monster and we do not consider it to be a monster today. The Indian industry by any standards is able to withstand competition from anywhere, from any quarter. It has proved its mettle. It has proved its competitiveness.

So far as some of the areas are concerned, I can give you examples where our industries are in a position to stand competition with other industries. You will never be able to stand competition unless you have your own R & D. for the first time you can get technology from outside. But India cannot continue to get technology year after year. As they upgrade, you will have to upgrade on your own lines. This is the innovation which is possible under the new policy. This was not possible earlier because we were importing technology all the time. In the earlier stages we were importing finished products. Later on we started importing technology only. Now, the time has come when you cannot import technology on a continued basis. You will have to have your own technology upgradation within the country.

SHRI BASU DEB ACHARIA: That is why you are inviting MNCs!

SHRI P. V. NARASIMHA RAO: We are inviting MNCs for the sake of

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taking their technology, for the sake of employment, for the sake of better competitiveness. This has happened before. In Indian industry, wherever we have got technology from outside, we have developed. We have made all efforts to develop our own R&D. And this is not adequate. I know that that process has to be intensified still. We have to have a much higher investment in technology, in R&D. Only then, we will be competitive. But there is hardly any alternative to it. This is what I would like to say. You just cannot have competitiveness in your technology and your own R&D for nothing. (Interruptions) It has to be done deliberately. It will have to be done everywhere. This is a continuous process.

So, let us understand that this is a new age. We are in a new era. We do not have the entire map of the future in front of us. We will have to be pathbreakers. We will have to be path-makers and stone-breakers, if necessary. We will have to go into new paths. In every village in this country with better tools for the artisans, with better facilities for those who are producing—the producers, the traditional producers of India—they will have to come to be the partners in the new industrialisation. It is not only about the big industries, it is not only about what is coming from outside but what grows from within. This is the important thing. If we have the small and the tiny sector, we want ancillarisation. If we do not have ancillarisation, the small sector will not flourish. The time has gone when we were using only the things made in the village. We used the chappals made in the village. We used the ropes made in the village. Today, the villager does not want to use that. Let us understand this. He goes to the Bata's shop. He goes for the nylon net. He goes for the nylon rope in the cities. So, everything is changing.

In this changing world, if you do not change the pattern of industrialisation, at every level, I am afraid the village society is not going to flourish

at all. So, industrialisation has to go right down to the villages. That is what I understand. As a villager, I understand that every village, new industries on the basis of better base, better technology, have to come in. (Interruptions)

A large industry will have to enlist the support of hundreds and thousands of people in order to exist. This is what is happening in large industries wherever we have them. It is not throwing people out of employment; it is getting people in.

Then, what about the services? It is not just the manufacturing sector. What about the services sector? If there is an industry, how many people get employment in services, in serving that industry? Now, this is an expanding activity, circle after circle each larger than the previous one. This is how it will expand. We do not have a ready-made map, as I said. But I can see that the result of this industrial policy is going to be good for the whole country.

SHRI NIRMAL KANTI CHATTERJEE: For the whole population?

SHRI P. V. NARASIMHA RAO: Yes.

We are welcoming foreign direct investment. Why are we doing so? We have found that investment in this country, number one, is not adequate. Number two, it is not accompanied by technology. We have seen that during the last few years, direct investment from outside foreign investment has been dwindling. I can give you figures. But that is hardly necessary. That is a fact that has been proved, whereas foreign investment in other countries has been increasing. It has been increasing in Korea and it has been increasing in other developing countries like Malaysia, Thailand and Indonesia. All these countries are having a galloping increase in foreign investment. The only thing I cannot understand is why it should

be that in India, it should come down steeply and why we should be squeamish about inviting foreign investment. Nothing else is the reason except an inferiority complex. We seem to feel inferior to the others who are coming in or whom we are inviting. Sir, there is absolutely no need for such a complex. As I said, we have successfully competed with others and we will be able to compete in future also. And in any case, we have to formulate a policy not on the basis of inferiority complex but on the basis of certain national confidence. That is why, the policy has been formulated as it is and I would like the hon. Members to look into those aspects of the policy.

Sir, there have been some comments on the MRTP Companies also. Now, we had started the MRTP concept about 20 to 30 years back, may be from 1964 until now. What is the result now? We have tried to implement it in the only manner it can be implemented. Nobody told us that there is any other method of implementing it. (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: The net result is that it is not implemented. Read the statement of any of the Chairman of the MRTP Commission and see the criticisms. (*Interruptions*)

SHRI P. V. NARASIMHA RAO: We had a very comprehensive law on MRTP. We implement it in the only manner the law asks us to implement. There has been no other way of doing it. The only thing is that this has not worked. Any pre-entry restrictions will not work and they will only stifle industry. They will not give any fillip to industry, if there are restrictions before you enter the industry. So, it has been decided, after the experience of the last 25 to 28 years that no pre-entry restrictions are desirable. We do away with those restrictions while we are very particular about unfair practices, restrictive practices being indulged in by those who are in those industries.

So, at that end, we have become more stringent and the policy has become more stringent. At the pre-entry stage, the policy has become liberal. This is a deliberate change in that policy and I am sure that it has been made after a full consideration of all the pros and cons. We expect that this policy will bring in greater freedom, greater and unfettered freedom to the growth of industry and that is what we want today. So, while we can have a difference of opinion on all these matters, I have not found any alternative. Yes, you have doubts on a particular line of action. Yet you have no alternative to suggest as to what is to be done in this. If this is not to be done what is to be done? That is what I have to ask him and I am sure, Sir, we have... (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: We have given you an alternative.

SHRI P. V. NARASIMHA RAO: We have seen all that. We have come to a stage, Mr. Speaker Sir, where this country cannot go ahead without alternatives. It cannot go on the negative aspect of everything being bad and no alternative for anything which we are criticising. This is not possible now. We will have to take risks. We will have to take a stand. We will have to go ahead according to our lights. If we falter, if there are mistakes, we will correct those mistakes.

There are many important areas in which certain points have been raised like 24 per cent investment in the small sector. Well, this is again an experiment. I would like to say that there is nothing final about it. If we find that the small sector or the tiny sector is being gobbled up by giving 24 per cent to the bigger ones then, I would like to assure the House that that will not be allowed. What we feel is, ancillarisation becomes much more easy by giving them a stake in the smaller sector. That was the idea for which this was done. But that is not final. If there is anything which

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tends to destroy the small sector, we can always change and bring it back to a stage where such things will not happen. As we go along we will have to make of innovations. The direction is one of liberalisation; the direction is one of encouraging growth; and the direction is one of creating wealth for the people; everywhere in this country.

One point on which all of us have to be careful. I agree on this point because we have to be a State which is not just oriented in making profits for the industry. We have to think of the workers, those who are the backbone of all industry in this country. And in any case, in a developing country like India, we cannot go on thinking of profits only. We will have to think basically of welfare of the people and on that score. I would like to make a very categorical statement that whether it is the Exit Policy or any other policy, we would not allow the interests of the workers to suffer in any way. On this, there will be no compromise.

SHRI HANNAN MOLLAH (Ulu-beria): Will you allow participation of workers in the management?

SHRI P. V. NARASIMHA RAO: There will be full encouragement to the participation of workers in the management. In fact, I have in front of me a proposal made by one of the labour leaders of this country, offering to take over one of the factories in Kanpur which was sick and which was running on losses. It would have been sold, or may be, it would have been liquidated. He said, "Please don't do it. The workers will run it." And we agreed to that. However, if the approach is, 'we will not allow the factory to close, but we will not run it and let the losses accumulate', then it is difficult.

SHRI HANNAN MOLLAH: It is like handing over the dead body...
(Interruptions)

SHRI P. V. NARASIMHA RAO: We have seen all these things. Please listen. If the attitude is, 'we will not run it, let the losses accumulate, we will not allow you to close down and the jobs will continue', then this kind of thing, even the workers will not tolerate tomorrow. I am telling you because ultimately, it goes to the loss of the workers themselves.

SHRI SOMNATH CHATTERJEE: It is a very good concept. We will be very happy if the workers are able to run it. But, will you give them facilities and finance? Will you commit to it on the floor of the House? I have got proposal after proposal. You give us the finance and other help. I have got the nod from the hon. Finance Minister in the presence of the Prime Minister. Very well. On that basis, we accept it.
(Interruptions)

SHRI P. V. NARASIMHA RAO: That is a matter which will have to be discussed with the workers and not in this Parliament. We would not have any intermediaries in our discussions with the workers.

SHRI SOMNATH CHATTERJEE: But you cannot feel the pulse of the workers.

SHRI P. V. NARASIMHA RAO: This is the most important dimension of the new Policy. On this I would like to say that there will be no compromise. Already we have had meetings with them. I think the Finance Minister had one or two meetings and I was present at one of the meetings. We agreed that all these difficulties that are coming up both in industrialisation and when industries close down or are threatened with a close-down the future of the workers and all such matters would have to be gone into. The Government will be very very happy to talk to the trade union leaders of all States. They have agreed and I am very glad to say that this process has started in right earnest. This will not stop because ultimately,

industrialisation will have to take care of all the wings concerned. Because ultimately industrialisation will have to take care of all the wings concerned and we cannot go unilaterally leaving the interests of one of the wings behind. In this country that is not going to be possible.

Even in the question of technology, it is not a matter of unlimited technology being imported. This I have already made clear. Let us understand that the technology, which we use at the moment, also has certain social goals, and the stage at which we find our social progress. So, everything is inter-dependent. We will take all these factors in all their aspects and we will see that industrialisation according to the new policy, goes ahead on certain very healthy lines and will not be allowed to create any of the complications that were created so far.

Sir, I would like to say that whatever discussions we are having with other countries, both in respect of foreign investment and the transfer of technology or import of technology, these are going on on a friendly basis. I am not quite sure that we will succeed in everything are attempting because there are many imponderables in this process. But, I would say that the very first attempt that I would be doing is when I visit Germany after a few days. There has been a lot of enthusiasm on the other side. Certain hints have been given to us whereby I feel hopeful that in the case of industrialisation, investment and transfer of technology, we have a much better prospect now than we had expected in the past. I would like to say that the new policy has been hailed everywhere; within the country and outside the country. This cannot be accidental.

SHRI BASU DEB ACHARIA:
 Hailed by whom?

SHRI AJOY MUKHOPADHYAY
 (Krishnagar): Why are you totally silent on the question of effective land

reforms to expand the internal market of this country?

SHRI P. V. NARASIMHA RAO:
 Sir, Nirmal Babu has just said, "You could stop me whenever I become irrelevant." I don't want to say the same thing to you by starting land reform discussion.

SHRI AJOY MUKHOPADHYAY:
 I asked this question because land reforms will expand the internal market.

SHRI P. V. NARASIMHA RAO:
 I would like to be forgiven for not being tempted into that line because I will take hours and hours. I have some experience of land reforms myself.

MR. SPEAKER: Discussion is on Industry and not on land reforms.

SHRI P. V. NARASIMHA RAO:
 I think, I have covered the main points that have been raised. The only difficulty with some of our friends is that they are sceptical. There is no way I can remove their scepticism.

SHRI SOMNATH CHATTERJEE: You yourself are saying that it is an experimental policy.

SHRI P. V. NARASIMHA RAO:
 It is not. It is not an experimental policy. Life itself is an experiment from that point of view. What I am saying is that we have to implement this policy in right earnest and it is the decision of the Government that we will implement it. As we go along, if there is any difficulty we will remove it. That is all. It is not a mere experiment. It is not a cast iron policy, which we, in some other places, are in the habit of having. It is not a Policy like that. It is a Policy with broad outlines; it is a Policy with a very clear direction, it is a Policy with certain objectives. Given all these factors, it is bound to succeed and we will make it succeed.

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I would like all the sections of the House, all the people of the country—the workers, the industrialists, the entrepreneurs, everybody—to understand that the Government policy is based on certain objectives that are useful, that will be found beneficial to the entire population of India and not to a particular section. This I would like to stress again and again and on this note Sir, I would like to thank all the Members once again for their participation.

[Translation]

SHRI RAM VILAS PASWAN (Rosera): Mr. Speaker, Sir, the hon. Minister was just now referring to the worker's participation in management. In this regard, I would like to point out that a Bill regarding workers' participation in management is pending in the other House. We had brought that Bill, which was supported by all political parties including congress. (*Interruptious*)

Mr. Speaker, Sir, that Bill was brought with the consent of the Members of all political parties including Congress M.Ps and Trade union leaders. That bill is now pending in the other House. All of us were ready. Now I would like to know whether they are going to get that bill passed.

SHRI P. V. NARSIMHA RAO: Mr. Speaker, Sir, we shall review that Bill once again. We shall get that Bill passed if every thing is correct in that. If there is some defect or lacuna, we shall remove it.

SHRI RAM VILAS PASWAN: Please tell us as to by what time you will be able to do all this. (*Interruptions*)

[English]

SHRI SOMNATH CHATTERJEE: Sir, I hope, he will fix a time limit for looking into it, by omitting the bad and accepting the good. At least, look into it for some time.

Sir, on two aspects, I wanted clarification from the hon. Prime Minister.

Firstly, freight equalisation scheme. There have been reports, which have been mentioned I understand, and the Prime Minister is surely aware about them but he has not spoken about them. I would like to know what is the Government's thinking on this? It is a very vital issue concerning the country, specially, Eastern India.

Secondly, about small scale industries. It was raised in this House, this morning by Shri Manoranjan Bhakta. I hope you will not keep silence. Do not be afraid of the Prime Minister. He is a nice man.

MR. SPEAKER: No direct, open instigation, please.

SHRI SOMNATH CHATTERJEE: He has specially raised the question of availability of raw materials consequent of the threatened policy of the control, particularly, of iron and steel material. I would like to know what is the Government's decision on this? Will small scale sector be left in the lurch and they will have to fight with the large scale industries for survival or there will be minimum protection for the small scale industries also?

SHRI P. V. NARASIMHA RAO: Without going into specific details, I would say that the small scale industry has come to stay and we feel and we are confident that it will be allowed to stay and flourish. Whatever protection is needed from time to time will be given.

SHRI SOMNATH CHATTERJEE: What about the freight equalisation?

SHRI P. V. NARASIMHA RAO: On that particular aspect, we have not yet come to final decisions. We are still in the process of considering it.

SHRI INDRAJIT GUPTA: I would like to know the Prime Minister's reaction to two public statements which have appeared, which I am sure, he has seen and neither of them by the Leftists or the Communists. One is, Shri S. K. Birla, who happens to be the Chairman of the FICCI, has gone on record expressing his apprehension about the effect on our indigenous industries of this proposed entry of multi-national Corporations, with all the incentives and facilities that they are going to be given. Second is, the statement which has been issued by the Director General of the Council of Scientific and Industrial Research (CSIR) expressing the gravest apprehensions about the effect on our indigenous research and development and on our scientific research of this unrestricted import of technology which is going to be now visualised in this resolution.

SHRI P. V. NARASIMHA RAO: I have just stated that there are limits to the import of technology and there are going to be limits to the import of technology in this country. We cannot exist, we cannot progress unless our own R&D is strengthened. But, if anyone says, we will not strengthen it, but you don't import anything from outside, that is not going to be logically correct. Therefore, we would say, while we give all encouragement—we will give much more encouragement than before to the R&D in this country—whether it is in one sector or the other, we would certainly like to be abreast with other countries of the world in technology, whether by import, if necessary, but, mostly by our own development within the country; that is the policy and that is going to be the policy.

And about one of our industrialists being apprehensive of the multinational corporations, I would not comment on an individual statement, but, generally, our observation has been that the industry in this country has not been resisting the entry of multinationals. In fact, they see quite a few benefits out of these multina-

tionals. In any case, we are keeping our eyes and ears open.

SHRI K. P. UNNIKRISHNAN (Badagara): One of the main considerations in the past used to be that we used to lay stress on redressing regional imbalances which are important not only for economic development but also for our national unity as well. But, in spite of that, we have a phenomenon where industries rush to urban areas, metropolises and so on. But with the dismantling of the regulatory framework and the leverage that you had through the licensing system, obviously this will disappear and also slowly but perceptibly the fiscal concessions that used to be given to these industries will also disappear. And new entrepreneurs, whether foreign multinationals or the native monopolists or the industrialists would obviously choose a location which suits them. If there is nothing to compel them to go to a backward area or to a region which is industrially backward which will have far-reaching consequences in terms not only of uneven development but also potential of migration to urban areas creating centres like Mexico City, or metropolis like Bombay City which already has become a nightmare. What is the reaction to this?

SHRI P. V. NARASIMHA RAO: We had a lot of restrictions, a lot of compulsions, although I do not consider that compulsion to go to backward areas. How many backward areas have got industrialised, I would like to know? So, we will have to take recourse to a new aspect of our policy. There is nothing to prevent anyone from giving incentives. If the States's Chief Ministers have been coming and asking for industries for their own States if there is a big industry, there are half a dozen letters from half a dozen Chief Ministers of States that is good; but sometimes they also come in competition. We will say, who is going to give me free land, free water; and they come with the offers. Why should it not be re-

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plicated in the case of districts? If the Zila Parishad of a district comes up with an offer, I am prepared to have a method by which their offer is considered. There is no reason why we should not go there. The only thing that has been happening is they start an industry, take a letter of intent in the name of a backward district, later on change it to a forward district by some subterfuge. This has been happening. Let us face it. A policy which we are following has not done well. Let us think of some other line. And the incentive that can be given in respect of a State can also be given in respect of a part of the State if there is a backward region; if there is an authority in that backward region, a district, a backward district. If the people of that district are prepared to give an offer that they can attract an industry there. I am sure it can be done. People have offered many things free. They have offered lands free. They have offered lands to this but we have not given them the initiative. The point today is that the State Government is acting on behalf of these Zilla Parishads. But tomorrow, if there is decentralisation, if there is a real decentralisation, this is what will happen. I am expecting this to happen because we find people coming from the Districts here saying "Please give a factory to our district. Ours is a backward district, but nobody gives." This is the point. Therefore, we will have to give initiative to the people at the district level in the backward areas. The State Government also will have to have this policy.

I am sure that in the new policy, there is enough scope for giving incentives for industries to go to the backward areas.

I do not think that they will be restricted only to cities. It is not correct to start with that assumption. I see quite a few possibilities of the industries being induced to go back to

backward areas. We will work out the details. We have discussed about it. While discussing the policy in fact, we raise this point: we dwelt into the pros and cons; we came to the conclusion that what we have been doing so far has not worked. Controlling the location of the industries by the licensing mechanism has not worked as we wanted it to work. Therefore, we will have to think of some developments.

SHRI K. P. UNNIKRIISHNAN:
What is the new mechanism?...*(Interruptions)*

SHRI RAM NAIK (Bombay-North): In the development of industries, Khadi and Village Industries Commission was playing a vital role. It was also generating lot of jobs. In the new policy, what would be the role of Khadi and Village Industries Commission? Will it continue or are you going to have a prospective change in its functioning? Several industries were exclusively meant for that. What is the attitude of the Government towards Khadi and Village Industries Commission and its functioning?

SHRI P. V. NARASIMHA RAO:
Sir, the Khadi Commission and its functioning will continue. In fact, we would like to go into the aspects how to improve the Khadi Commission and the Village Industries.

SHRI AJIT KUMAR PANJA:
Sir...*(Interruptions)*

SHRI BASUDEB ACHARIA:
Sir, how can a Minister seek a clarification from the Prime Minister?...*(Interruptions)*

SHRI AJIT KUMAR PANJA:
I want to know from the Prime Minister whether he is going to send a team of CPIM members to Moscow as they say that they do not appreciate our policy for studying the New Industrial Policy...*(Interruptions)*

SHRI SOMNATH CHATTERJEE (Bolpur): Sir, I would like to know the Prime Minister's reaction to this **flippancy** on the floor of the House... (Interruptions)

SHRI P. V. NARASIMHA RAO: Sir, there is another forum to discuss this. Do not worry.

SHRI RAM NAIK: Sir, I am on a point of order.

MR. SPEAKER: What is your point of order?

SHRI RAM NAIK: My point of order is this. It is a collective responsibility of the Cabinet. If the Minister wants any explanation, he can ask the Prime Minister in his Cabinet. This is not the forum where a Minister can ask any explanation or any information from the Prime Minister... (Interruptions)

SHRI SOMNATH CHATTERJEE: Sir, I hope you will express your disapproval.

SHRI RAM NAIK: Sir, asking any information by the Minister from the Prime Minister is not proper and it is out of order. That is my point of order.

MR. SPEAKER: I uphold your point of order. The Ministers may not ask questions to each others. But if the Minister just wants to put a point to some other Members in a question form, perhaps that can be allowed; but that is also not very proper.

SHRI P. V. NARASIMHA RAO: Sir, I understand my Minister perfectly. It was not for an explanation. It was a little provocation... (Interruptions)

SHRI SOMNATH CHATTERJEE: Sir, we are totally dissatisfied with the reply of the Prime Minister. He

has not dealt with **basic** questions that have been raised on the floor of the House. Sir, it is nothing but a sell out of this country. He has not dealt with important questions like small scale industries freight equalisation scheme and other basic questions that have been raised. There is no favourable response to the question of passing the Bill for labour participation in management. Therefore we protest against it and in protest we walk out.

14.56 hrs.

(Shri Somnath Chatterjee and some other hon. Members then left the House).

MR. SPEAKER: I shall now put all the cut motions moved to the Demands for Grants relating to the Ministry of Industry to vote together, unless any hon. Member desires that any of his cut motions may be put separately.

All the cut motions were put and negatived.

MR. SPEAKER: I shall now put the Demands for Grants relating to the Ministry of Industry to vote. The question is:

"That the respective sums not exceeding the amounts in Revenue Account and Capital Account shown in the fourth column of the Order Paper be granted to the President, out of the Consolidated Fund of India, to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1992, in respect of the heads of Demands entered in the second column thereof against Demand Nos. 51 to 54 relating to Ministry of Industry."

The motion was adopted.

Demands for Grants in respect of Ministry of Industry for the years 1991-92 voted

No. of Demand	Name of Demand	Amount of Demand for Grant on Account voted by the House on 29th July, 1991		Amount of Demand for Grant by the House	
		Revenue	Capital	Revenue	Capital
		Rs.	Rs.	Rs.	Rs.
1	2	3		4	
Ministry of Industry					
51	Department of Industrial De- velopment	73,47,00,000	6,00,000	73,48,00,000	6,00,000
52	Department of Heavy Industry	15,05,00,000	137,72,00,000	15,05,00,000	137,72,00,000
53	Department of Public Enterprises	71,00,000		70,00,000	
54	Department of Small Scale in- dustries & Agro and Rural In- dustries	157,74,00,000	141,43,00,000	157,74,00,000	141,43,00,000

14.57 hrs.

**STATUTORY RESOLUTION RE:
APPROVAL OF CONTINUANCE
IN FORCE OF THE PROCLAMA-
TION IN RESPECT OF JAMMU &
KASHMIR**

[English]

THE MINISTER OF HOME AF-
FAIRS (SHRI S. B. CHAVAN): I
beg to move:

"That this House approves the con-
tinuance in force of the Proclama-
tion dated the 18th July, 1990 in
respect of Jammu and Kashmir,
issued under article 356 of the
Constitution by the President, for
a further period of six months
with effect from the 3rd Septem-
ber, 1991."

As the House is aware, in view of
the then prevailing situation in Jammu

and Kashmir, a Proclamation under
article 356 of the Constitution in rela-
tion to the State of Jammu & Kashmir
was issued by the President on the
18th July, 1990 on the recommenda-
tion of the Governor. Earlier, on
19-1-1990 the Governor, Jammu &
Kashmir, assumed to himself the
powers of the State Executive and
Legislature placing the Legislative As-
sembly of the State under suspension
under the provisions of section 92 of
the Constitution of Jammu & Kash-
mir. A month later, on 19-2-1990, the
State Assembly was dissolved by the
Governor in exercise of his powers
under the State Constitution.

As the law and order and security
situation in the State of Jammu & Ka-
shmir continued to be disturbed, app-
roval of both the Houses of Parlia-
ment was obtained for continuance in
force of the Proclamation dated 18th