

[श्री मोम प्रकाश त्यागी]

21 सालों में पहाड़ी क्षेत्रों में कोई भी उद्योग-धन्धे सेंटर की धीर से स्थापित नहीं किये गये। अतः जो रेवेन्यू आयेगी वह मंदानी क्षेत्र से ज्यादा तादाद में आयेगी। मंदानी क्षेत्र के लोग आज यह अनुभव कर रहे हैं कि यह नई स्टेट आज नहीं तो कल पूर्ण प्रान्त बनेगी। उन के दिमाग में भी आज बटवारे का भाव आ गया है। वह अपने पैसे को उस स्टेट पर क्यों खर्च करने लगे। जब यह आटोमोमस स्टेट बन रही है तब वह प्रयत्न करेंगे कि मंदानी क्षेत्र की रेवेन्यू उस स्टेट पर खर्च न हो जो हम से इस ख्याल से अलग होना चाहते हैं कि वह हमारे साथ रहना नहीं चाहते हैं। आज वह यह भावना ले कर खड़े हो गये हैं।

इसी के साथ-साथ एक और समस्या भी आप के सामने आयेगी। वह यह कि आज हर हिल ट्राइब में अलग-अलग पिछड़ापन है। हिल ट्राइब्स में भी कुछ ऐसी हैं जो प्रोप्रेसिव हैं, जिन को एजुकेशन ज्यादा मिली है, जो पढ़े लिखे लोग हैं।

MR. SPEAKER: The hon. Member may continue tomorrow.

18.30 hrs.

#### HALF-AN-HOUR DISCUSSION

##### Gnat of Registration Certificates and Industrial Licences to Firms

MR. SPEAKER: We will take up the half-hour discussion now. Even now I am getting chits from members saying that they want to participate, as though it is a debate. A ballot is held of the names of members who send advance intimation for permission to ask question within the prescribed time and from that four names are picked up. This is the procedure we have been following.

SHRI S. R. DAMANI (Sholapur): I think you for the opportunity given to me

to raise this important matter on the floor of the House. The purpose of this discussion is to have an appraisal of the policy of granting registration certificates and industrial licences and how it has worked on industrial production in the country since the last 17-18 years.

As we all know, the system of licensing was introduced to achieve certain objectives, namely, to canalise resources into industry in accordance with plan priorities, ensure successful implementation of the plan keeping the emphasis on development, removal of regional imbalance in industrial development, check concentration of economic power in a few hands, utilise the ability of parties seeking licences to develop industrial capacity in the shortest possible time and so on. These are laudable objectives, no doubt. But we have to see how far these have been fulfilled and how far the country has benefited by it. If we see the working report of the Ministry, we are satisfied about it--there is no doubt about it.

I will give figures. In 1966, applications received for licences were 1291, disposals 1118, balance 143, percentage of pending cases 11, percentage of disposal 89. In 1967, applications received were 849, disposed of 701, pending 148. In 1968, applications received were 905, disposals 369, pending 563 or 60 per cent; this is only for half the period; I hope many of the pending applications will have been cleared before the year ended.

18.33 hrs.

[SHRI VASUDEVAN NAIR in the Chair]

Now we come to the effect, whether the objectives set forth when the policy was introduced have been achieved or not. According to me, and also according to Government, they were not successful in achieving the objectives. Government themselves appointed the following committees to examine the matter: this Swaminathan Committee which has submitted its report, then the Lokanathan Committee which has also given its report, then the

Mathur Committee which has made its report; recently, one more committee has been appointed called the Industrial Licensing Policy Inquiry Committee which is expected to submit its report early next year.

The fact that four committees have been appointed to examine the matter shows that there has been some difficulty and that the objective of the policy has not been achieved. I know that the hon. Minister is also anxious about this and that was why he appointed the last-mentioned committee.

Government have created many agencies to process the details of applications before licences are granted. These examine the total capital investment, location, foreign exchange availability, availability of plant and machinery, manpower etc., availability of raw materials, power supply etc, economy of production, expected demand over a period of years, utilisation of capacity, return on capital and so on.

This is as it should be, and detailed scrutiny was made in respect of all the new industries that have come up, including the public sector industries, before licences were granted. Most of the public sector undertakings which have come up, have also gone through all the scrutinies. What we see today is that most of the public sector projects are running with some idle capacity. But they came into existence after passing through all the scrutinies and tests by the licensing authorities at the time when these projects were planned. So soon after they have been installed and started production, their capacity is being utilised only partially because there is no demand for their products. So at the first stage of the public sector we have failed. Demand is not coming up, projects are running with idle capacity and incurring losses. So the scrutiny by the licensing authority has not helped in any way the public sector or the private sector.

Now they thought of diversification. We have been hearing it for about one year and we do not know what diversifica-

tion is going to take place and how this idle capacity is going to be utilised and I do not know why it was not scrutinised at the earlier stage when the licence was granted. Suppose in case the demand has not come up, we can divert this capacity to other things. At present the Hindusthan Steel has got the idle capacity so also the Heavy Engineering Corporation, Bharat Heavy Electricals, Mining and Allied Machinery Corporation, Heavy Electricals (India) Ltd and Hindustan Machine Tools Ltd are all having idle capacity. Now on the one side we are having idle capacity, on the other there is a little regional imbalance in industrial development. Most of the industries have come up around cities and interior and small towns have been left out. Here also I think the policy has not proved very successful.

The third point is concentration of economic power in the hands of a few. Now we charge that most of the licences have been given to certain industrial houses and small entrepreneurs were not granted licences. What has the Monopolies Inquiry Commission got to say here? The Monopolies Inquiry Commission has also made very significant observations about the working of the licensing system and in their report they said :

"It became necessary for entrepreneurs to spend large sums of money just to get the licence, on maintenance of establishments in Delhi, on highly paid "contact-men", on giving lavish parties, expenses on flying to Delhi again and again in an attempt to obtain a licence."

This is the view of the Monopolies Commission. Many people have given up the idea of starting industries. So the concentration of economic power is also in the hands of a few persons. On the one side there is idle capacity and on the other side there is shortage.

We are importing huge quantities of special steel, plant and machinery, machine tools and components, electric machinery and appliances, transport equipment, tra-

[Shri VasuJevan Nair]

ctors, fertilizers, non ferrous metals, etc. In 1966 we imported iron and steel worth Rs. 72 crores compared to Rs. 107.52 crores in 1967; in six months of 1968, from January to July our imports totalled Rs. 53.57 crores. The corresponding figures for the import of machinery for the respective periods are Rs. 401 crores, 420 crores and 228 crores and for machine tools they are 14 crores, 16 crores and 8 crores respectively. It is the same story in respect of electrical machinery and appliances. On the import of transport equipment we spent Rs. 47 crores in 1966 and Rs. 65 crores in 1967 and Rs. 47.14 crores in the period January-July 1968.

MR. CHAIRMAN : The hon. Member should conclude now.

SHRI S. K. TAPURIAH (Pali) : Please give him as much time at last as one licence takes.

SHRI S. R. DAMANI : I now come to fertilisers. We have imported fertilisers worth Rs. 187 crores last year. Against a target of 8 lakh tonnes for the Third Plan, only five lakh tonnes were achieved. We target for a production of 3.7 million tonnes in the Fourth Plan but the licenses issued cover only 2.3 million tonnes. So much time is taken for decisions and it becomes doubtful if production would increase even to this extent. The same thing is happening with non-ferrous metals also. No serious attempt is made to issue licences to increase production.

Aluminium imports last year came to Rs. 38 crores and copper, Rs. 132 crores; our zinc imports amounted to Rs. 41 crores and lead imports, 18.96 crores. The estimated demand of copper during the fourth plan period is 180,000 tonnes as against our production target of 37,500 tonnes. The respective figures for zink are 117,000 tons and 38,00 tonnes; and for lead, 126,000 tonnes and 4,000 tonnes. The whole trouble is that licences are held up and there are avoidable delays. We have capacity but still we have to import things from abroad.

Since you remind me that my time is up-I wish to say that the matter does not

end by giving licence. There should be follow-up action. They have to see that land is allotted to the licensee; finance is there; power is there and raw material should be available. All these things should be settled in advance so that as soon as a licence is obtained, one can go into production. Otherwise, a long time is taken during which we have to continue to import.

I have tried my best to sum up the position and I hope the hon. Minister will be good enough to go through these points and reply to them.

MR. CHAIRMAN : Shri F.A. Ahmed. The procedure is that after your reply, the questions will be asked.

THE MINISTER OF INDUSTRIAL DEVELOPMENT, INTERNAL TRADE AND COMPANY AFFAIRS ( SHRI F. A. AHMED) : Sir, this matter has been raised because certain doubts were expressed when this question was put in this House regarding the policy we have been pursuing in giving licences for scheduled industries. As the House is aware, under the Industries (Development and Regulation) Act, all the scheduled industries are required to take licences. But there have been, from time to time, procedure and rules under which relaxation has been given. Now, all industries having a capacity of over Rs. 25 lakhs are required to take licences and only in their case, if the expansion is more than 25 per cent or if a new article has to be manufactured, they have to take licences provided these industries require foreign exchange for capital equipment and raw material and so on.

We have also recently further relaxed the procedure by saying that those industries which can be set up with indigenous effort do not have to require licences, and as many as 40 industries have been delicensed, where no licence is required. Recently, the Planning Commission have also gone into this question further and suggested that all industries which can be set up with indigenous effort, which require no foreign exchange, either for capital or for raw material, or for components, need

not be licensed at all. They have also suggested that there may be some priority industries where only a nominal foreign exchange is required, and they also should be delicensed. As the hon. Members are already aware, the entire question of licensing is before the Dutt Committee. We are expecting a report from them and the Government have not taken a decision on the recommendations made by the Planning Commission because it will be very unfair to that Committee to anticipate their recommendations and not to wait for their recommendations and take a decision. Therefore, we are hoping that these recommendations will be available to us in the month of June when it will be possible for us to streamline the procedure or make any further relaxation as is considered necessary after the Planning Commission's views and after the Dutt Committee's recommendations have been considered by the Government.

So far as these four or five objectives which the hon. Member has stated are concerned, and which have to be kept in view or which should be the guiding lines for the introduction of the licensing system, I may point out that rightly or wrongly, hitherto, our policy has been that the Planning Commission fixed the target and on the basis of that target, when a particular individual or a company comes for a licence, the matter is examined by the Licensing Committee to see whether there is scope for setting up a new unit in order to satisfy the demand according to the target fixed by the Planning Commission and it is on that basis that the Licensing Committee has been functioning. My hon. friend has said that because of the wrong targets or because of the wrong demands today many of the industries, whether in the public sector or in the private sector, are facing idle capacity. When these targets were fixed, at that time, the Planning Commission or the persons responsible for fixing the target, did not know many of the circumstances which are now responsible for slowing down the demand in the country.

The developmental activities of the Central and State Governments entirely depend on the resources available in the country and the Government. There had

to be many changes and whatever we had expected five or six years before by way of Central and State Government investments, they are not forthcoming and therefore, there is idle capacity in many undertakings, public and private.

Mention has been made about the Heavy Engineering Plant and Heavy Electrical Plants. HEC is equipped for manufacturing capital goods to the extent of providing manufacture of steel plants of one million tonnes. The Heavy Electrical Plants are in a position to provide equipment which can generate about 4.5 million KW of power every year. Unless and until that demand is given to the plants, they will remain idle. In the next four or five years, unless we are able to provide funds which will generate about 20 million KW of power in the fourth plan and then they will remain idle. We are trying to see whether we can extend its activity by exporting these items, if it is not possible to have that entire demand within the country. So far as machine tool plant is concerned, because of the slackness of demand in the country, it has been possible to extend our activities to the export field and during last year we exported much more than in the previous year. While we are making every effort in the direction of exports, it is not possible to remove the idle capacity till the internal demand picks up, on the basis of which all these plants were set up.

The question of regional imbalance was raised. This has to be considered not from a parochial or regional point of view. We are not in a position where we can say that we have the industrial infrastructure in the country and therefore, it is not desirable to consider this matter from a narrow regional point of view. It has to be considered from the economic and technical point of view and from the point of view of availability of resources and infrastructure, with which these industries can be set up. In certain areas, heavy investments have been made because of technical and economic reasons.

So far as the time taken by the licensing committee is concerned, my hon. friend started by saying that considering the number of licences disposed of in 1967 and

[Shri F. A. Ahmed]

1968, the disposal is quite satisfactory. I have been examining this question. It is true that our intention was that these matters should be disposed of within three months.

Formerly, we had appointed a committee which assessed that an average disposal took about 165 days. Recently we appointed another committee and I may say that it has brought down the average to 140 days, so far as the committee is concerned. So far as the Ministry is concerned, this average has been brought down to about 90 or 95 days. We feel that there should be still speedier disposal of licences and government is making effort in that direction.

**SHRI S. K. TAPURIAH :** My Question arises out of the statement of the hon. Minister just now that the average time taken for a decision has come down from 165 to 90 or 95 days.

**SHRI F. A. AHMED :** I said 90 or 95 days for the Ministry and 140 days for the committee.

**SHRI S.K. TAPURIAHI :** know. According to the figures given by the Minister himself to a question in the Rajya Sabha on the 24th February, the number of applications received during the last four years between 1965 to 1968 I am not going into the details quarter-wise is 5, 289 and the number of applications received in 1968 was 905. The Minister has further stated that in the last four years decision has been taken on 4,329 applications, meaning thereby that 950 cases are pending. In 1968 since only 905 applications were received, it means that either the entire applications made in 1968 are still pending or applications made still earlier, 1966 or 1967 are still pending. Therefore, this figure of 90 days 95 days and 145 days is from a sample survey of certain interested cases. So will the hon. Minister kindly clear this point? Secondly, I hope he will agree with me that the present licensing system leads to corruption. It is being used as a carrot and stick policy by the ruling party to make the industrialists to toe their line. It is also proved by the fact that with the midterm elections in sight the Bill to ban donations to political parties was delayed. At the same time, we have also seen that the licensing system is being used as a

weapon against the State Governments by the Centre. The Mysore Finance Minister, Shri Hegde has stated that DGTD is public enemy No.1. We have seen it in several other States also. And only recently we have seen how armed with this licensing system a Minister can make even businessmen to forget the melody of the jingle of the coins or forget the symphony of the ruffling of the currency notes and can make to take an interest in Ghalib, *mushairas* and *sheers*. This shows how these powers are being used against various States and for promoting certain interests in the centre. Many a businessman has been heard in wail :

यह न थी हमारी किस्मत कि  
लाइसेन्स दीदार होता,  
अगर और जीते रहते, यही इन्तजार होता ।

Because of these reasons Because of its inbred corruption, will he scrap the licensing system entirely specially during these last days of the Congress when its mighty ship is sinking so that we will have a clean and efficient raj ?

**SHRI S. KUNDU (Balasore) :** I am totally dissatisfied with the reply which the hon. Minister gave. The question of the licensing policy has been engaging the attention of the nation. In our view, it has corrupted the entire nation. Business tycoons are building up vast industrial empires and they are corrupting the very basis of democracy. So, we want a radical change in the licensing system. We are shocked to find from the Hazare Report that some antiquated pattern of licensing system is still being followed.

Here I would like to bring to the notice of the Minister two things. It is not a question of speedy disposal of applications for licences. License is required only for starting an industry where the capital investment is more than Rs. 25 lakhs. Any entrepreneur can start an industry with an investment of less than Rs. 25 lakhs over which you have no check, is it not a fact that the five big houses are setting up numerous industries with an investment of less than Rs. 25 lakhs in each industry, giving employment to their own kith and kin and looting the economy of the country? It is another way of bull-

ding the empire and continuing the monopoly. What have you done to stop it ?

Then, the Hazare Committee further stated that certain big business houses take licences and sleep over them for years together, thereby creating foreclosure. They do not allow others to take out a licence for the same industry. Hazare Committee has made a specific reference to it. What is the government going to do about it. Then,...

MR. CHAIRMAN : This is a half an hour discussion. His time is up.

SHRI S. KUNDU : In view of this, will the hon. Minister tell us how many licences have been issued to these top five business groups during the last ten years and how many of these licences have been implemented ?

19 hrs.

Recently there was a news item in the papers that the Ministry of Industrial Development has asked for a prototype of the scheme submitted by the Prime Minister's son for an industry. Any citizen has the right to come up with a scheme; we do not mind it. But when a scheme will cost Rs. 25 lakhs, how could it be done with a cost of Rs. 50,000? Is it not making a mockery of it? I want a specific answer to this. Then I want to know whether the Minister is going to enquire into the entire system of the licensing policy, and not of Birlas alone.

श्री यमुना प्रसाद भंडल (समस्तीपुर) :  
मेरा मिनिस्टर साहब से यह सवाल है कि क्या सरकार यह रजिस्ट्रेशन सर्टिफिकेट्स की मंजूरी देने और फर्म्स को इंडस्ट्रियल लाइसेंस देने के बारे में भवाडी कांग्रेस और युवनेश्वर कांग्रेस में जो एक सिद्धान्त तय किये गये थे उन का ध्यान रखेगी ?

SHRI F. A. AHMED : After I have heard Shri Tapuriah from one side and Shri Kundu from the other. I have very little to say. So far as the question raised by Shri Kundu is concerned, the entire question of

the licences taken by a number of houses, how many have been implemented, what are the defects, all these questions are being gone into by the Dutt Committee. When that report is available to us it would be possible for us to examine and see what the position is. I would not, at this stage, make any comments or observations, so far as that aspect is concerned.

Secondly, coming to Shri Tapuriah, I do not know why he chose this occasion for the purpose of indulging in party propaganda. I categorically deny the charge that the licences are considered on the basis of either cultural work or political work. The hon. Member himself is aware that so far as government is concerned, the matter comes to us after it has been examined thoroughly by the technical departments, after the matter has been considered and the recommendation made by the licensing committee. It is only when we find that some decisions are taken against the basic policy of the government that we interfere; otherwise, generally we do not interfere with the recommendations made by the committee.

I am very sorry that a person of his amiable nature should also join hands with people who make all kinds of wild allegations without any substance whatsoever. I hope, he will not indulge in this. If any information is to be sought, I am prepared to give him information.

I think, he has also misunderstood that about 900 cases are pending, may I just point-out I have got the figures for the last two years—that in 1967-849 applications were received out of which only 42 applications are now pending and that in 1968 we had received 905 applications, of which 369 have been disposed of, 155 are being considered by the Licensing Committee and about 381 are pending. Most of these are applications which were filed towards the end of 1968. I can assure the hon. Member that we are looking after this and we shall see how quickly they can be disposed of.

So far as the question of giving monopoly to one house or to the other house is concerned, I may assure Shri Kundu also that we are keeping that question in view and the Licensing Committee has the dire-

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tion that when they are considering the applications they must see with regard to the dispersal of the applications both from the point of view of entrepreneur and also the regions in which those particular industries have to be located.

MR. CHAIRMAN : The hon Member raised the question that they split up and their own people are put under the cover of Rs. 25 lakhs and less.

SHRI F. A. AHMED : That matter is also being examined. But as far as possible a watch is kept over that matter also and we do whatever is humanly possible. We try

to look after that also and we shall see to what extent we can do that.

SHRI S. KUNDU : It is the most important thing.

SHRI F. A. AHMED : One of the objectives is that through the licensing system we see that the entrepreneurship should not be confined only to a few houses but there should be a dispersal of these things. These are matters which we are keeping in view.

19.07 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, March 25, 1969 Chaitra 4, 1891 (Saka).*

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