

**CORRECTION OF ANSWERS TO
 STARRED QUESTIONS NO. 586 AND
 587**

The Minister of State in the Ministry of Food and Agriculture (Dr. Ram Subhag Singh): While answering supplementaries on Starred Question Nos. 586 and 587 in the Lok Sabha on 26th March, 1963, I had given certain replies which did not indicate the correct position in regard to the information sought for in the supplementaries. A statement indicating answers given by me in the supplementaries and the correct position in regard to these supplementaries is laid on the Table of the Sabha. [Placed in Library. See No. LT-1194/63].

12.01 hrs.

**CALLING ATTENTION TO MAT-
 TERS OF URGENT PUBLIC
 IMPORTANCE**

INDUSTRIAL LICENSING POLICY

Shri S. M. Banerjee (Kanpur): I call the attention of the Prime Minister to the following matter of urgent public importance and I request that he may make a statement thereon:—

“Industrial licensing policy of the Government in view of the press report that two concerned Union Ministers have disagreed on the present procedure of issuing such licences.”

The Prime Minister and Minister of External Affairs and Minister of Atomic Energy (Shri Jawaharlal Nehru): Sir, no change has been made in the basic Industrial Licensing Policy of the Government. The press reports that have appeared give certain distorted versions of some correspondence that has taken place between some of my colleagues and me. The letters addressed to me by them were confidential and I regret greatly that confidential communications should be published in this way, removed from their contexts to give a wholly incorrect idea. The correspondence dealt

with the need for maintaining and accelerating the rate of industrial growth in the country and a certain dissatisfaction was expressed at the slow rate of growth. It is not correct, however, that any disagreement exists among them in regard to the present procedure of issuing industrial licences.

The resolution governing the Industrial Policy of Government was laid by me on the table of this House on the 30th April, 1956. Licensing of industries is being done under the Industrial (Development and Regulation) Act of 1951 in accordance with this policy. In addition, the priorities as laid down in the successive Five Year Plans are being followed in industrial licensing. As the House is aware, industrial licences are issued on the recommendations made by a licensing committee constituted in accordance with the rules framed under this Act. The committee is composed of representatives of the various Central Government Ministries concerned and the Planning Commission. In the meetings of the committee, representatives of State Governments also take part.

Before the applications for industrial licences are considered by the committee, they are examined in consultation with the Department of Technical Development (formerly the Development Wing), the various Ministries concerned, such as the Ministry of Mines and Fuel, Steel and Heavy Industries, Railways, Finance (Department of Economic Affairs), Department of Company Law Administration and also Planning Commission and the State Governments. In making its recommendations, the committee bears in mind the targets fixed by the Planning Commission and gives full weight to such factors as regional distribution, possibilities of exports, avoidance of monopoly or concentration of capacity, etc., apart from the possibility or otherwise of the scheme leading to savings in foreign exchange. Where an industry is not reserved for the public sector

[Shri Jawaharlal Nehru]

and where the more difficult capital-intensive industries are concerned, which call for the acquisition of foreign collaboration facilities, foreign exchange from private or semi-public lending agencies abroad and the provision of experienced managerial talent, naturally the applications from the larger industrial groups in the country have to be considered, if the Plan targets have to be expeditiously achieved. Otherwise, the policy is to prefer new entrepreneurs wherever possible.

There is also a Sub-committee of the Central Advisory Council of Industries which function under Rule 18 of the Licensing of Industrial Undertakings Rules. This sub-committee *suo moto* or on representations received from applicants, reviews all licences issued, refused, varied, amended or revoked from time to time and it is open to it to advise Government on the general principles to be followed on the issue of licences for new undertakings. On this sub-committee, there have been general some Members of Parliament also. There is thus also a non-official agency to scrutinise the implementation of Government's licensing policy.

On the 11th April, 1963, a statement was laid on the table of the House giving an analysis of the licences issued to certain leading industrial houses during the calendar years 1960 and 1961. I have had figures collected for 1962 also. During these three years, out of the total number of 4,211 industrial licences issued, the number of licences that have gone to ten leading industrial houses were 182. These figures include not only new industrial undertakings, but also projects for substantial expansion of existing undertakings in order to ensure economies of size.

In considering Industrial Policy, we should not confine ourselves to the sector that is governed by the Industries (Development and Regulation) Act. There is outside this, a large and growing sector of small scale indus-

tries which collectively are of considerable economic significance. The number of such small scale units which have been registered up to date run to over 52,000. There are, in addition, a very large number of such units which function without being registered. It is Government's policy to give to this sector all the help that is possible to make it expand, though I must admit that difficulties of foreign exchange tend to affect this sector as badly as the large scale industries.

Government's industrial policy is clear and the machinery for its implementation by way of licensing appears to be adequate. As the House is aware, we have appointed a committee with Prof. Mahalanobis as Chairman, to study, amongst other things, the extent to which the operation of the economic system has resulted in concentration of wealth and means of production. When the report of that committee is available, there will no doubt be further opportunity to consider whether any changes are called for in the policies or procedures relating to Industrial licensing.

Shri S. M. Banerjee: According to the hon. Prime Minister, the report is somewhat distorted. I want to know whether there is any truth in the report that both the Ministers have accused each other for showing favours to big business houses, for creating unhealthy trend in the licensing policy. I wish to know whether in view of this difference among the Ministers working in the same Ministry, the Prime Minister would like to have a thorough probe into the licences issued since 1957, that is, after the Resolution on Industrial policy was adopted, and if not, the reasons for not having a thorough probe into the working of this Ministry as far as licensing is concerned.

Shri Jawaharlal Nehru: The hon. Member is suggesting that I should have a probe into some..... ,

Shri S. M. Banerjee: From 1957. If something is correct in both the letters . . .

Mr. Speaker: According to the press reports, there have been differences between the two Ministers and there have been allegations made, one against the other that there have been favouritism or something shown.....

Shri S. M. Banerjee: Unhealthy trends in licensing.....

Mr. Speaker: Order, order;...in giving licences. Therefore he suggests that a probe might be had into the issue of licences that have been issued during the last 4 or 5 years.

Shri Jawaharlal Nehru: I do not know what the hon. Member is basing his information on.

Mr. Speaker: Press reports.

Shri Jawaharlal Nehru: Press reports, as I have said, give a distorted view. In fact, there are two press reports that I have seen which differ from each other. I do not think one can go by that. I regret, it is highly objectionable for these confidential letters between Ministers to be published.

Shri Tyagi: How did they leak out?

Shrimati Renu Chakravartty: Somebody must have given out.

Shri Jawaharlal Nehru: I am sorry, I cannot say how they leaked out. Certainly they could only leak out presumably from that Ministry or my office. I am sure they did not leak out from my office.

Shri Hari Vishnu Kamath: There should be a probe into the matter.

Shrimati Renu Chakravartty: This is the second time that Shri Manubhai Shah has got into this kind of controversy.

Shri Jawaharlal Nehru: It is unfortunate that there should sometimes be difference of opinion between two Ministers in the same Ministry. On the other hand, there is one healthy

aspect of it that any mistakes committed are found out.

Shri S. M. Banerjee: That is why we want a probe to find out the mistake.

Shri Hari Vishnu Kamath: Too many leaks are bad.

1240 hrs.

PROPOSED MERGER OF UAR, IRAQ AND SYRIA INTO ONE FEDERAL STATE AND REACTION OF GOVERNMENT OF INDIA THERETO.

Shri P. R. Chakraverti (Dhanbad): I call the attention of the Prime Minister to the following matter of urgent public importance and I request that he may make a statement thereon:—

“Proposed merger of UAR, Iraq and Syria into one Federal State and the reaction of the Government of India thereto.”

The Deputy Minister in the Ministry of External Affairs (Shri Dinesh Singh): Negotiations which had been going on for some time between the Governments of the U.A.R., Iraq and Syria towards the formation of a Federal State have resulted in final agreement on the merger of the three States. A new Federal State called the United Arab Republic with its capital in Cairo has been agreed upon. All citizens of the Federal State will enjoy Arab nationality, Islam will be the State religion and Arabic the State language. There will also be a common flag based on the present flag of the U.A.R. with three stars instead of two. Provision has also been made for the merger of other States into the Federation.

From information received, the proposed Federal State envisages the election of the President of the Republic and three Vice-Presidents, one for each region. The bi-cameral National Assembly will comprise the Lower House based on the population ratio of the constituent States and the Upper