

489 **Message from AGRAHAYANA 19, 1915 (SAKA) Advocates (Amendment) Bill 490**
Rajya Sabha Report of Committee on Government Assurances
Re: Implications of the Dunkel Draft Text

12.28 hrs.

MESSAGE FROM RAJYA SABHA

[English]

SECRETARY-GENERAL : Sir, I have to report the following message received from the Secretary-General of Rajya Sabha:-

"I am directed to inform the Lok Sabha that the Advocates (Amendment) Bill, 1992, which was passed by the Lok Sabha at its sitting held on the 30th November, 1992, has been passed by the Rajya Sabha at its sitting held on the 7th December, 1993 with the following amendments:-

Enacting Formula

1. That at page 1, line 1, for the word "Forty-third" the word "Forty-Fourth" be substituted.

Clause-1

2. That at page 1, line 3, for the figure "1992"

the figure "1993" be substituted.

I am, therefore, to return herewith the said Bill in accordance with the provisions of rule 128 of the Rules of Procedure and Conduct of Business in the Rajya Sabha with the request that the concurrence of the Lok Sabha to the said amendments be communicated to this House."

12.29 hrs.

ADVOCATES (AMENDMENT) BILL, AS AMENDED BY RAJYA SABHA

SECRETARY GENERAL : Sir, I lay on the Table the Advocates (Amendment) Bill, 1992, which has been returned by Rajya Sabha with amendments.

12.291/2 hrs.

COMMITTEE ON GOVERNMENT ASSURANCES

[English]

Fifteenth, Sixteenth and Seventeenth Reports

SHRI AJOY MUKHOPADHYAY (Krishnagar) : Sir, I beg to present Fifteenth, Sixteenth and Seventeenth Reports (Hindi and English versions) of the Committee on Government Assurances.

12.30 hrs.

MOTION RE: IMPLICATIONS OF THE DUNKEL DRAFT TEXT ON TRADE NEGOTIATIONS-*CONTD.*

[English]

MR. SPEAKER: The Minister may reply now.

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : Mr. Speaker, Sir, at the very outset I would like to express my gratitude to all the hon. Members who have participated in the debate.

SHRI SOMNATH CHATTERJEE (Bolpur) : Sir, one small clarification. We understand that France has decided not to

sign this agreement. I want to know whether Government of India thinks that it is obliged to sign when other countries are not signing. He at least give an assurance at the very beginning-which will clarify many things-that he will take the consent of Parliament before he finally signs it.

SHRI RUPCHAND PAL (Hooghly): And also consent of State Legislatures should be taken. (*Interruptions*)

SHRI PRANAB MUKHERJEE : Sir, at the very outset I would like to express my gratitude to all the Members who have participated in the debate and made their contributions and placed their perceptions of the discussions which are going on, which are known as Uruguay round of discussions. So far as the technicalities are concerned, while moving the Motion itself I gave the time schedule as to what would be the scenario. The discussions at the official level for multilateral trade negotiations are likely to be over by 15th December.

After that, it is likely to be completed by the 15th of December at the officials' level.

SHRI SOMNATH CHATTERJEE: "Going to be completed" and "likely to be completed" are different.

SHRI PRANAB MUKHERJEE: I am not that expert in English and I will try to put it in my own way.

There is a Committee of Officers to negotiate and this Negotiating Committee's job will be completed by the 15th of December. They will make their recommendations on the Draft for final approval to another Committee which will consist of the Ministers of the various contracting countries. Thereafter, from the 1st of January, 1994 to the 1st of January, 1995 it will be given to

various contracting parties to ratify. Therefore, this is the time schedule which has to be adhered to.

Now, in respect of what approach France has taken, in fact, I checked up when this point was referred to in the House. So far as my information goes, they have agreed and all their differences have been resolved.

SHRI SOMNATH CHATTERJEE: Have they agreed under pressure?

SHRI PRANAB MUKHERJEE : I do not know whether it is under pressure or not, but the fact remains that even Korea has agreed. I think some of the Hon. Members might have received the communique issued by their Committee on Agriculture. They raised certain issues that agriculture, particularly rice and certain other agricultural commodities should not be brought within the purview of the GATT discipline, but they too have reconciled to the position that it should be brought within the GATT discipline and we have received that information.

Sir, it is true that we could not have a full-fledged discussion on this issue, but most respectfully I would like to submit that from the side of the administration and particularly from the side of the Commerce Ministry, the first notice we gave for raising a discussion was in May, 1992. Thereafter, a limited discussion could take place through a Private Member's Resolution and it was brought at some point of time almost at the fag end of a particular Session.

SHRI SOMNATH CHATTERJEE: It was brought always at the fag end of the Session .

SHRI PRANAB MUKHERJEE : I do not know that. Of course, I have no knowledge as to how this has happened. The Business

Advisory Committee, where all the parties are represented, can take a view on it, but that is a different story.

In addition to it, when my colleague, in the course of the discussion in the other House, suggested that we would like to have a discussion, with all the major political parties, I took up that discussion requested all the major political parties to have discussions with us and, in fact in the months of April and May, I had the Privilege of having the views of the major political parties. Unfortunately, the Bharatiya Janata Party did not respond to our invitation despite repeated reminders, but except that all other major political parties responded to our invitation and participated in the discussions. It is that we agreed, but none the less, we shared our view points. My point is not whether the Dunkel text is good or bad and I am not here to justify or to certify it.

Sir, I will start from the observation which one hon. Member made on the floor of this very House that we shall have to look into whether the proposals in this round of discussions are going to be beneficial from the point of view of our national interests. Undoubtedly, the national interests of this country should have the overriding priority. Keeping that in view, we shall also have to take into account, as it is a multilateral forum and all 108 contracting countries are participating in it, that no country would like to compromise its own national interests. Therefore, a system should be there in which the national interests of not one, but all the 108 countries can be accommodated.

In that process, one would appreciate that you cannot work out a mechanism where all the parties can have 100% satisfaction. That is the general principle in which all international negotiations are being conducted.

Coming to the scenario which has been raised by some other hon. Members, it is true that when in 1948 GATT was first conceptualised and implemented, its area of operations, jurisdiction or GATT discipline, which is generally called, was limited to trade alone. For the first time, not only trade but services, investments, trade related investment matters, trade related service matter, trade related intellectual property matters are being brought. It has been brought for the discussion and it is also controversial. It is controversial because from the fact it can be established as very highly controversial because no round of discussion has taken so much of time as it has. The discussion started in September, 1986 and today it is December, 1993 and still the discussion is going on. This very fact itself indicates that the various provisions for discussions are not easily acceptable or easily reconcilable. That is why, it has taken so much time and at various stages, it had appeared, it might not go beyond a point and it might collapse. Therefore, one has to take, to my mind, a dispassionate, objective view that what would be the outcome if we accept it, what would be that benefits and what would be the disadvantages. I do not say that there will be no disadvantages. That is not my case.

Even to be very frank, we were not in favour of extending the jurisdiction of GATT. You will recollect the traditional position which we took all along. Unless the pending issues of Tokyo Round of the discussion which was concluded in 1976 are resolved, India pressed hard that there is no need of Ministerial level meeting at all. If you permit, Mr Speaker, even in 1984, when I happened to be the representative of the developing countries, as Chairman of G-24, in the World Bank, in the IMF meeting, I raised this very issue that it was agreed upon in Tokyo Round of discussion that unless these pend-

ing issues are settled including MFA—which has not yet been settled, to which I will come later on—there is no need of Ministerial meeting at all. But the World Bank community decided otherwise. The changes took place so fast, which we could not contemplate. Even in 1984, nobody could contemplate. That a system which not only survived, but very dominantly and only one economy, to my mind—if I remember correctly an I am subjected to correction—which could withstand the pressure of worldwide depression, in the early 1930s, was controlled socialist economy. It has a steady growth of more than six per cent to seven per cent. All other economies, free economy, capitalist economy collapsed in the depression of '30s. But the control economy could survive and registered a steady growth, surviving '30s depression. But that economy, that system itself collapsed after making a dominant presence over a period of seven decades. Therefore, the changes which took place even if you look at the developments which have taken place from the Uruguay Round of discussion in September, 1986 till date, there has been a major shift. Before I come to the points which have been raised by the hon. Members, I would just like to take a little time to give the background in which these negotiations are going on. Even at one point of time, it was thought that the developing countries taken together can take a scenario where they can get maximum advantage out of that.

When the negotiations could not be completed, Dunkel Draft itself is a compromise formula. When the contracting parties could not come to some conclusion, then even the Director General, according to his judgment, what he considered, would be a basis of compromise. He compiled those provisions put up in the Draft which is known as the Dunkel Draft. But after that in Septem-

ber, 1993 under the leadership of the President of Argentina, as many as 37 countries including the major developing countries suggested to the President of USA, prime Minister of England and Prime Minister of Japan that we want the expeditious conclusion of Uruguay round of discussions on the basis of Dunkel text.

Therefore, we shall have to keep in mind that this is the international atmosphere in which we had to conduct our negotiations.

SHRI SOMNATH CHATTERJEE: Sir, it is a very serious matter. Official-level discussions have been going on and they will go on till 15th and we are taking part. In the meantime, there are ministerial level discussions between EEC and USA. Every day we are getting information about that and they are having their own confabulations and they have now come to an arrangement at the ministerial level. We were not consulted. No Third World country was consulted. When Mr. Douglas Hurd had been meeting Mr. Bill Clinton of USA and Mr. Jacques Delors is meeting on behalf of the EEC, the American counterpart, and when they were having ministerial-level discussions to resolve their difference, Third World countries are not consulted. India is not consulted.... That is now being imposed on us and now we have to accept it or reject it. This is the situation. Therefore, at ministerial level, in spite of the best wishes of Mr. Pranab Mukherjee, what will be your leverage there? You will have no leverage.

SHRI PRANAB MUKHERJEE: I am just clarifying this particular point which the hon. Member has raised. This is important. There is no formality and nobody prevents us from going and having discussions with our trading partners but we took deliberately this view that our presence at this juncture

would not improve the situation because we will like to appear at the official level of discussions and it will be better for us to press our viewpoints at the formal negotiating table at the official level. But informally, the ministers are discussing. Not only the ministers, even the Heads of Governments are discussing and I myself did when Mr. Peter Sutherland came here. I myself did when the visiting ministers came here. It is not that we did not have informal exchange of views. We tried to do it. When our Foreign Minister and our Finance Minister goes there, they are also having informal discussions. But, of course, the confabulations and discussions and negotiations of rich countries get much publicity, and our confabulations and discussions do not get that much publicity.

I am coming to the point which I was trying to drive at. We had to conduct the negotiations under these circumstances. The question which we shall have to decide is whether it will give us any advantage. *(Interruptions)*

SHRI AMAR ROYPRADHAN (Cooch Behar) : It has appeared in the newspapers that the negotiating time has been extended for one year more. That means, it will end on 15th December, 1994. Is it a fact?

SHRI PRANAB MUKHERJEE: This question does not arise. I am telling you that it is likely that the negotiations are going to be completed this December. It is not that there will be fresh negotiations. I would like to make it quite clear that there will be no fresh negotiations. After these negotiations, the ministerial-level meetings are not going to be reopened. The various countries will consider what would be the *modus operandi* of the ratification and, thereafter, the countries will have to take it or reject it. That is the fact. It is known.

I have said it at the very beginning itself. If you read my observations when I introduced the Motion, I mentioned it.

[Translation]

SHRI SOMNATH CHATTERJEE: What is that known as, which is observed after obituary?

[English]

SHRI PRANAB MUKHERJEE : There is nothing new. I do not know whether it is obituary. My point is why we are going for these negotiations. We are going for these negotiations not that what is being available out of this negotiation is going to be totally beneficial to us. But obviously the balance of advantage is going to be in favour if we are to be in the multilateral fora. I will give you just one example. Everybody would appreciate that China's economic power is much more compared to ours. They are much more powerful. Their international trade is about US \$ 130-140 billion; their export is \$ 64-70 billion; they had a trade surplus of \$ 7-8 billions. But just to ensure their export to the extent of U.S. \$ 24 billion to the U.S.A. and to obtain the MFN treatment from the U.S.A., they had to change their Patent Laws because the pressure is much more in bilateral system compared to multilateral system. At least, three distinct advantages we have got in the multilateral system. One, the Most Favoured Nation treatment is extended to the countries automatically if we be part of the MFA. Then, even coming to TRIPS, assuming for the time being that we are outside the GATT. Now, my export nearly to the extent of 33 per cent is towards the EEC; 16-17 per cent towards the U.S.A.; 10-12 per cent towards Japan. About 60 per cent of my export is to these countries. Now, these three countries take a position by forming a group. One group of countries

and two other countries take a position saying that unless you change your Patent Laws, we are going to impose the countervailing duties on your exports, can we afford?

SHRI SOMNATH CHATTERJEE: We cannot afford.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): Yes, we cannot afford. But they are importing things from China.

SHRI PRANAB MUKHERJEE: Therefore, this is an unequal world. At one point of time in the early 1980s I could look at the other window because 33 per cent of my export was to the rupee-payment area. But that system has collapsed. Therefore, in this scenario, we shall have to look into why China had to change though they are a country which opted out of that in 1949; why they are to stand today in queue in 1986. (*Interruptions*)

SHRI SOBHANADREESWARA RAO VADDE (Vijaywada): Do you not accept that China has survived for the last 45 years? It has grown up into such an economic power. Do you not accept it? (*Interruptions*)

[*Translation*]

SHRI NITISH KUMAR (Barh): Mr. Speaker, Sir, we participated in the debate after your assurance. Just now you said that you do not have a close mind. (*Interruptions*)

[*English*]

MR. SPEAKER: You cannot have a reply as you want.

(*Interruptions*)

SHRI PRANAB MUKHERJEE: I am not yielding. It is not fair. I have not interrupted anybody when they made observations. It is not fair. Let me complete my observations.

MR. SPEAKER: Only Shri Pranab Mukherjee's speech will go on record.

SHRI PRANAB MUKHERJEE: The simple point that I am trying to make is that it is easy to come out of the GATT; it is easy to come out of any international forum but it is difficult to have re-entry. It is for the country to decide because these proposals are not going to be implemented automatically. This point also, I would like to point out. Some of these proposals are to be implemented through legislation. If the Parliament decides at that point of time saying that whatever the Minister says, whatever the official Negotiating Committee says that we are not going to legislate to put into effect some of the provisions of the Agreement, automatically it cannot be put.

SHRI SOMNATH CHATTERJEE: What will happen then? The position will be the same.

SHRI PRANAB MUKHERJEE: It will not be put. It may not be there. Even if you refuse to ratify, if the Government tomorrow decides whatever be the Government, either it is your Government or my Government or Shri George Fernandes's Government—that we may go, then you cannot go. Even if you be a member, by giving notice for six months, you can come out. Therefore, do not make issues on this that the world is going to collapse if you just be a member of it.

We are not going to collapse. We are going to survive. And I am going to point out how we are going to survive. The second

advantage which we will have the point which I was trying to drive at - is that the type of pressure which will be built up if I try to expand our trade relations through bilateralism, then, even the transition period which is available to us as ten years to change our patent laws would not be available and we will have to go for that as Thailand or many other countries are forced to have it immediately.

Secondly, now you will appreciate that last year and year before last, we were subjected to Special 301. That was a unilateral action. As a consequence of that Special 301, our exporters of certain commodities has to pay duties to the extent of 64 million US dollars. Now if we go to the existing multilateral dispute settlement mechanism, we will have redress to this type of unilateral action. (Interruptions)

MR. SPEAKER: You can note down the points. I will allow you to ask the supplementaries later on.

(Interruptions)

SHRI PRANAB MUKHERJEE: Now, Super 301 which has elapsed is again going to be tabled. I do not know what is the view of the administration. But the fact remains that again some lobby is trying to bring it out. In this context, let us examine the various proposals which have been raised, which have been criticised.

So far as subsidy is concerned, one development as a result of the agreement is that - it is even beyond that - the subsidies which were to be provided at the threshold level, earlier they were compartmentalised. For product specific, it was ten per cent. for the developing countries and for non-product specific, it was ten per cent. Now it can be clubbed. That means you can give 20 per

cent and it can be flexible between commodity to commodity and between product specific to non-product specific. Therefore, the type of apprehension that in certain commodities we may have to give higher subsidies and that will be subject to the discipline, would no longer remain because as I mentioned, our subsidy, according to international terms, is negative.

The second point which I would like to impress upon, because perhaps there is a communication gap, is about the agricultural agreement. So far as agricultural agreement I concerned, it is for a period of seven years and for that seven years, the calculation of every contracting party which they have given to the GATT Secretariat, is on the basis of the subsidies which were given in the base year of 1986-87, 1987-88 and 1988-89. Now if it happens - I am assuming the position theoretically, in our country it has not happened even theoretically and if after that if some country has increased its subsidy, then that subsidy will not be taken into account so long this existing agreement continues for a period of seven years from the date of implementation. Assuming that this agreement comes into being from 1st of January, 1995, then till 2002 nobody can raise any question that after the base year you have increased your subsidy, so you are drawing the provisions that you have stepped up your subsidy, that will not be applicable. In respect of this particular agreement at the end of the sixth year, each contracting parties will have the opportunity of re-negotiating the agricultural agreement on the basis of the existing conditions prevailing at that point of time. So far as we are concerned, I have explained it in detail on a number of occasions that we are not going to be affected by this threshold level.

Now I come to the second area of concern about the guaranteed access to the

market. Now even if give access to the market, it is not necessary that you will have the import obligation.

There the question will remain that if we provide access to the market from abroad and if their goods are competitive, then our farmers may be affected. If their goods are competitive and if our farmers are not so competitive, then it will be affected. But there is also the first coverage of BoP. Who is going to decide BoP? I do not know why IMF has been brought. What is the charter of IMF when it was established?

SHRISOMNATHCHATTERJEE: What was the charter of GATT. Mr. Minister?

SHRI PRANAB MUKHERJEE : The charter of IMF is also to determine the value of the currency so far as the international payment is concerned. So far as the BoP question is concerned, all of you will agree that one of the major ingredients of BoP is the trade deficit. A country which is having trade deficit all the year, except a short gap of 1976-77 when we had a small trade surplus of Rs. 72 crore, all along we had this trade gap even in the improved performance of exports in the last seven months where the trade gap has been reduced. It has been reduced; but nonetheless it remains. Trade gap is there. Trade gap is 560 million dollars. According to our assessment and our experts assessment which we have projected in the Plan document, in real terms the current account deficit as reflected in percentage GDP would be 1.6 per cent, in absolute terms 22 billion US dollars at the price level of 1991-92 till the terminal year of the 8th Plan. Therefore the BoP coverage is going to continue. But assuming that BoP coverage would not be there at some point of time, our tariff binding is there. What is the tariff we have given for agricultural sector? 100 per cent for cereals, 150

per cent for processed foods and 300 per cent for edible oil. Therefore the percentage of tariff protection which we are providing to prevent the import of agricultural commodities even when assuming that India will reach a stage where we will come out of BoP crisis immediately, this type of tariff protection would be able to protect the Indian farmers.

SHRI NIRMAL KANTI CHATTERJEE : You are swiftly switching between Balance of Payment and Balance of Trade.

SHRI PRANAB MUKHERJEE: I am not switching, I am just talking about Balance of Trade as an element.

SHRI NIRMAL KANTI CHATTERJEE: Your Balance of Trade may be negative, but Balance of payment may be positive.

SHRI PRANAB MUKHERJEE: Then repayment would come.

SHRI NIRMAL KANTI CHATTERJEE: That is a different matter. Balance of payment may be positive.

SHRI PRANAB MUKHERJEE: That is true. But it is not coming that way. You calculate it, you know it. You calculate for the next ten years. I am not asking you to go beyond that.

Coming to PDS, I am happy to inform the hon. Members it is true that the particular phraseology which was used in the language, even we shall have to sell the agricultural products at the market price. Our point was - and this issue was raised even when the DG, GATT came here I raised this issue-you are concerned with the product subsidies, you are not concerned with the consumer subsidies. Our PD system is never governed by any national leg-

islation. Since the early 50s it is the executive order. Neither we are going to have any legislation nor we going to change our PD system, nor are we going to give up our bufferstock arrangement. They have agreed to our concept and interpretation and the necessary textual change has been tabled and I am hopeful that it will be accepted. There is no question of giving up our Public Distribution System, bufferstocking and maintaining the PDS.

In respect of the patenting of seeds, it is true that we shall have to make our own national legislations. In that national legislation we will be able to protect it. So far as the farmer's rights of exchanging, researchers' right, farmers' right of retaining a part of the production for use in subsequent cultivation are concerned, they are outside the purview of the GATT discipline.

13.00 hrs.

It cannot be challenged. Secondly, even if we go for the legislations, at that stage, it is not only the executive, but also the Members of Parliament who will get an opportunity to look into it as to how best interests of the farmers and researchers can be protected.

Coming to the areas of the services and particularly the investment, here, Mr Speaker, Sir, I would like to draw the attention of the hon. Members, that when trade related investment matters are being discussed perhaps mind-set is about the Industrial Policies of 1956 or the Industrial Policies of 1948 or FERA of early 1970s. Yes, if you look at the Industrial policy Resolution of 1956, you will find that it is inconsistent. But, in between, we have an Industrial Policy Resolution of 1991 which this House had debated. (Interruptions) You may like it or you may not like it; but, that is the Industrial

Policy of the day; it is pursued by the Government. (Interruptions) No I am not going into the merit of it. (Interruptions). BUT the fact is this. (Interruptions) Already it is there. (Interruptions) Already it is there. (Interruptions) At one point of time, we directed the foreign companies to dilute their share from 76 per cent or whatever be the percentage to 26 per cent. And today, in the new policy dispensation, we are allowing 51 per cent equity participation in 30 crore industrial sectors without any approval; and the Reserve Bank can give the clearance automatically. Therefore, you have to look into the provisions which are being made in that context.

The second question which is there, is how to protect the small scale industries. The Text itself is not taking away your right of reservation of the small scale industries. Even in the new Industrial Policy, the reservation has been maintained. The Text does not prevent the national Government to put a condition to the joint venture and which we are actually doing to make export obligation. While it is true that there will be no local content and there will be no phasing out or phased manufacturing programme, but export obligation can be given; and in many cases the export obligation has been put as a condition so that the balancing of foreign exchange earning and foreign exchange spending could be met.

In respect of the services, the latest position which we have adopted and which we have taken... (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: Will you please repeat what you said about balancing of foreign exchange earning and foreign exchange spending? (Interruptions);

SHRI PRANAB MUKHERJEE : So far as the services... (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: If you succeed in balancing, then BoP problem is no longer there. You are contradicting your earlier position.

SHRI PRANAB MUKHERJEE: No I am not contradicting it. These are the enabling provisions. But, what would happen on the ground? That we will have to see.

I may ask Mr. Chatterjee to come and invest in my district from the 24 Parganas. I may also create facilities for him. But, his coming, making the investment and making my district richer depends on him and not on me. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: But, it will be only for straw. (*Interruptions*)

SHRI PRANAB MUKHERJEE: In regard to the question of whether we are going to open the banking sector to the insurance sector, the stated position is what is called— I can assure the hon Members of what we have said 'standstill', that means, 'the existing provisions'. (*Interruptions*). The existing provision is that from 1969 when we nationalised the banks, we did not nationalise the foreign banks; and thereafter, we allowed the foreign branches to be opened on a selective basis— sometimes on the basis of reciprocity and sometime otherwise; even if we consider that some branches are to be opened, they were opened. Today, as it is, out of a total of 60,000 bank branches, about 160 are foreign banks. (*Interruptions*) About 11 per cent of the total banking business turn over of the bank is of the foreign banks. Our position is that we are not going to open the banking sector for foreign bankers and it cannot be done automatically, unless you offer (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE:

Turn over is 11 per cent and profit is 67 per cent (*Interruptions*)

SHRI PRANAB MUKHERJEE: Maybe. That depends on their efficiency and I am not going into that. (*Interruptions*)

I am not going into that. But I am talking about what it is today. That is a standstill provision.

So far as Life Insurance is concerned, there is no question of providing any access. So far as the marine insurance and air insurance are concerned, we have already opened. The third party insurance is permissible.

The flexibility is the issue on which, I think, we should go on pressing and we should voice our concern. When we are talking of flexibility, we are talking of having a more liberal approach. Recently, you have said that US Labour Secretary is going to impose restrictions on issue of visa about which India has formally protested. Our Ambassador has lodged his protest that when we are talking of opening of more areas, you are putting restrictions on the movement of the skilled persons.

SHRI SOMNATH CHATTERJEE: When we go there, it will be immigration from this country. When they come, that will be trade investment.

SHRI PRANAB MUKHERJEE: I would like to have that it should be trade investment and there should be free movement. Therefore, my contention is that by not merely accepting it, this is going to solve all our problems. It can create certain conditions which we can take advantage of. To what extent we will be able to take advantage of it would depend on how strong our economy

is, how we can mobilise the cooperation of others.

Coming to the areas of textiles, what has happened? This is not that we succumbed easily. But the very hard-core fact remains that there are vested interests. I would not like to mention the name of the countries. It would not be proper on my part. But in order to have their short-term interest-because they have a little larger quota in continuing the MFA quota system-they are not asking for having a shorter transition period from 10 years.

I myself have shared my anxiety with you. I am repeating it. Still I have my doubt that if 51 per cent integration takes place over a period of ten years, suddenly in the eleventh year, the rest 49 per cent integration will take place. I am not going to buy it. I made it quite clear to my counterparts of different countries and even to Mr. Peter Sutherland.

SHRI SOMNATH CHATTERJEE: The whole Dunkel is topsy turly.

SHRI PRANAB MUKHERJEE : What could we do? We are not the only players. This is going on from 1976. So far as MFA is concerned, it is going on from 1976 for the developing countries have not been able to work out a combined strategy. Who are the partners in this effort? There is only Pakistan. Except that, there is nobody else. There too, there is a dichotomy. Pakistan is a signatory with those 37 countries who want the conclusion of Uruguay Round on the basis of the Dunkel Text.

SHRI SOMNATH CHATTERJEE: Clinton will give some cash money. That is why they are doing it.

SHRI PRANAB MUKHERJEE: About

patenting of drugs and pharmaceutical products, I expressed my concern on earlier occasions also. This is an area where there is a possibility that our prices of medicines and some of the drugs will go up.

AN HON. MEMBER : How much?

SHRI PRANAB MUKHERJEE : The calculation varies from expert to expert. Somebody says 68 per cent. Somebody says 300 per cent like, say quantum of black-money in this country starting from 25 per cent of GDP to 60 per cent of GDP. Let me not enter into the area of experts. I am not going there. But there will be an increase. But I do feel about it. Here also, we are trying hard. I cannot claim that I will be able to succeed. But we are trying hard. Till today, the information which we have received is that they have not formally tabled the MFA-textile agreement-that transition period should be extended from 10 to 15 years.

But if they table such a proposal, then our counter proposal would be that in respect of other intellectual property matters, transition period should be extended from ten years to fifteen years. That should be calibrated and to the extent integration in textile will take place, to that extent integration in other areas also should take place. I am told that ten per cent of the 500 major drugs which account for nearly 70 per cent sale are presently covered by Patents Act in Europe and USA. So far as the prices, as I mentioned to you, are concerned, they may cause tremendous burden on the public exchequer. But there is one way out for the Government for non-commercial use. We can use the right of getting moderate prices by effective compulsory licensing mechanism. Somebody may say that even importation would be there. It is theoretically impossible. But it may be possible for

smaller countries like any other smaller country. But compare the size of your economy. I am not passing any value judgement. You judge yourself with a size of economy like India and whether importation and patenting by importation is economically viable or not. According to my assessment, it is not economically viable. Therefore, through the route of compulsory licensing mechanism, we will be able to provide beyond ten years period. We shall, of course, have the exclusive marketing right for the period of five years which will be patented after the implementation is done. That will have to be expected.

Now, coming to the areas of certain other matters, particularly one study has been made by OECD which I would like to share with the Members. According to that, the increase in the volume of world trade, at the current price level, would be 270 billion dollars more.

SHRI NIRMAL KANTI CHATTERJEE: Which year?

SHRI PRANAB MUKHERJEE: It would be in the coming five to six years, after the implementation of this programme and India, even with the present level of export share of 0.5 per cent, would be a beneficiary to the extent of 4.7 billions. Therefore.....
(*Interruptions*)

SHRI SOMNATH CHATTERJEE: It is absurd.

SHRI PRANAB MUKHERJEE: I do not think so... (*Interruptions*).. Of course, the percentage would be 0.4. You may laugh at that is the fact. (*Interruptions*)... That would additionally of 270 billion dollars. Assuming that my share would not go beyond 0.4 per cent, assuming that I would go on limping for generations to come which I

do not assume or which I do not share, after all we have survived. If you refuse to see, I cannot help. Otherwise, you yourself would not have said all these things. When one simply reads your statement of today and compare your statement of the 17th, one will inevitably come to the conclusion that what we did in 1970 was totally endorsed by you in 1990 and I am sure that what we are doing in 1990, you are going to endorse it after 20 years. (*Interruptions*)

MR. SPEAKER: I will allow clarifications on either the other.

SHRIMATI MALINI BHATTACHARYA (Jadavpur): Sir, the arguments that the hon. Minister has offered are almost arguments of helplessness and there is not a single one which tells us about our specific advantages.

I am asking three questions. One is that our national laws will have to be changed.

Has our Negotiating Committee ensured that the United States of America will delete Special 301 from their statute book, once the Dunkel Draft is signed?

Secondly, in the background note that was circulated by the Commerce Ministry, on page 13, in para 46, the Ministry has said that certain changes or modifications are being negotiated with relation to the TRIPS document. There were four points in it which include pipeline protection, proper explanation of the term 'micro organism' and things like that. Has there been any positive breakthrough in the negotiations regarding the questions that were asked on the TRIPS Agreement?

The Minister has said in a rather self-contradictory manner...

MR. SPEAKER: Please leave the comments and come out with the question!

SHRIMATI MALINI BHATTACHARYA: All right Sir. The last question that I want to ask is in respect of Article 18 of Part IV of the original GATT Agreement which affords certain protection to the developing countries. Now, in the Dunkel Draft, this article is being diluted. I want to know whether the Negotiating Committee has ensured that if the Dunkel Draft is a total package, then Article 18 should be applicable not only to GATT but also to GATT's Agreement on Services and Agreement on Intellectual Property, etc. I want to know whether Article 18 which protects the developing countries like ours will be applicable to the total package or not.

SHRI RAMESH CHENNITHALA (Kottayam): I want to ask two questions. Earlier in the GATT negotiations, agriculture sector was not included. At that point of time certain developing countries were raising their voice against that. Will India take a stand that agriculture should be out of the purview of GATT?

Regarding the *sui generis* system, we do have ten years' time. I don't know whether it is correct or not, but there is a misconception on the UPOPV Convention of 1991. I am told that developing countries are not in the UPOPV Convention and that only 21 major developed countries are only involved in it. Should we follow the UPOPV Convention? If we are accepting the Dunkel Draft and if we are going to accept the *sui generis* system, will the Government of India seek the opinion of our learned scientists of the ICAR and other Agricultural Universities? Will the Government of India take their advice in formulating a new system of *sui generis*? Of course, we have got 10 years. But I want to know whether Government of

India will do it or not because this is the time to do it.

[Translation]

SHRI NITISH KUMAR: Mr. Speaker, Sir, the Government, is continuously shifting its stand compared to its previous positions. Last time it was said that it would not accept anything that was not in nation's interest. Then Peter Sutherland visited here. After this it was said that we have expressed our concerns and they were appreciated. Today when he began his speech it was said comparative advantages. (*Interruptions*)

MR. SPEAKER: Do not give a new speech.

SHRI NITISH KUMAR: It is not a new speech. We can ask questions about the background of it.

MR. SPEAKER: You have already been given a lot of time.

MR. NITISH KUMAR: He has not discussed anything regarding his concerns. Now, has he any concern left or not? On the whole, the situation is such that he has come to the decision that we would accept it. In such a situation, through you I want 2-3 clarifications. The *sui generis* system, that he is accepting, has no relation with GATT. Patent law is associated with GATT. It will be Governed by UPOPV 1991. In such a situation, you have said that the farmers would be able to retain the seeds and would be able to exchange them. I want to know when the farmers would be able to retain and exchange the seeds among themselves, will there be any need to give royalty to the plant breeders or not. The farmers, previously used to sell it to others. Will now he be

able to sell or not? I want to know it clearly from you.

Another thing is that Agriculture is a State subject. This was said here as well as outside (the House). Under that condition will you take the State Governments into confidence before signing such a crucial agreement abroad? Will you hold talks with them or not?

Thirdly, we do not want to get into any details regarding the unofficial talks held at your level. But, an unanimity was being achieved, that before taking any final decision the Government would strive to arrive at a final decision after consulting political parties, expert groups, specially National Working Group on Patent law and gene campaign and that it would attempt to formulate a strategy, so that we can get maximum advantage for our nation. For this, informal talks were held at your level. Keeping this in view, what is the reaction of the Government on this, what is it doing?'

SHRI GEORGE FERNANDES (Muzaffarpur): Mr. Speaker, Sir, the Minister in his concluding part of the statement said that under this new agreement the volume of trade would increase by \$ 270 billion in the next few years and how we would benefit to the extent of \$ 4.7 billion. This is what you said. I would like to know from the Minister, from where did he get this figure. Is it based on some document or any authorised thing? Is it not true that this is based on a document prepared by research group of OECD for its internal debate only, and the names of its authors are Ian Boldin and Dominique Vender Mesbruth? This document was challenged, when those wanting to sell the GATT agreement in their respective nations, used it to mislead the people. After being challenged, the Secretary General of OECD, Ian Claudewell, in a

written submission said, that this document, "was only a pretty theoretical study" is it not true that, it is not based on facts?

If the Government had this information, why is it misleading the august House here? If it did not have the information, it implies that the person holding the talks on your behalf did not present the facts before the Government and why the country is being misled that we are to get 47 billion dollars. In how many years we are going to get this amount; at the same time we are told that it is a pretty theoretical study and the theoretical study states that even after 10 years of its implementation we will get 200 billion dollars and not 270 million dollars. There might be some increase in this amount. Therefore I would like to request the hon. Minister to make clarifications in this regard as so many misconceptions are being spread and a new misconception has appeared in it just now.

Secondly, I would like to know from the hon. Minister as he has said 'stand still' persists in the field of Life Insurance and Banking. For how much period it will remain there, in this reference the Deputy Governor of the Reserve Bank of India Shri Mehta told the Wall street Field General two months ago that foreign banks are welcome in India subject to only one condition that they bring sophisticated gadgets with them so that fresh recruitment is not required. He did not speak the last part of the sentence by it bears the same implication. What is the basis of this statement and whether it is not a fact that the biggest Life Insurance Corporations, private companies from America and Canada are preparing to enter India and whether they are negotiating with the Ministry of Finance in this regard. Is it not true? It is not included in the regime but is the Government not allowing the Foreign Banks and Foreign Insurance Companies to come

to India on the basis of the GATT? It is happening in every area. [Translation]

I would like to ask the hon. Minister one more question. Although there are so many queries, but you have been ringing the bell frequently. My question is regarding the statement made by the hon. Minister on the Multi-Fibre Agreement in which he stated that textile is the only area in which our export is increasing. Regarding the multi-fibre agreement he stated that he would not like to name the country which is causing disturbance here. The main reasons for which we are not getting quota under the multi-fibre agreement is that the countries like Britain, America and France the largest cloth manufacturers have their factories in Hongkong, Singapore and Taiwan and they make contracts with these factories only. Mr. Speaker, Sir, it is a sort of recycling process. The factories, companies of the white bigwings from the countries like France, Britain, America set up their small factories in Hongkong, Singapore and Taiwan and preserve their quotas for themselves.

MR. SPEAKER: Other Members are also waiting for their turn to ask questions.

(Interruptions)

SHRI GEORGE FERNANDES: Because I want an explanation from the hon. Minister.

[English]

MR. SPEAKER: Mr. Fernandes, you can ask questions but you don't have to comment on the question also.

(Interruptions)

SHRI GEORGE FERNANDES: Let me clarify the matter, I want that the hon. Minister should reply to my these questions.

[English]

SHRI SOMNATH CHATTERJEE: Sir, I want to ask two specific questions.

Firstly, as indicated by Mr. Nitish Kumar, is it not the right of the farmers to use and produce grains for seed purposes, subject to a formal concurrence from the original bidder? Is not the proposed arrangement precludes sale of even token quantities to once neighbours thus affecting propagation of improved seed varieties?

Secondly, is it not a fact that as soon as we sign the Dunkel's final Draft-even before other provisions apply for each farm product-we have to allow import of 40 per cent of the stipulated 3.3 per cent of Gross Domestic Product output viz. around 1.3 per cent? In a situation of glut, will not this cause havoc to our own agriculture?

SHRI SOBHANADREESWARA RAO VADDE: Sir, I would like to specifically know from the hon. Minister whether in view of the divergent news, the Minister of Agriculture has no objection for patenting of micro-organisms and micro-biological processes stand of the Commerce Ministry. I want a clear clarification from the hon. Commerce Minister on that particular aspect. I would also like to know whether our Government is going to oppose patenting of micro-organisms and micro-biological processes.

Secondly, the hon. Minister has not clarified as to how this average per capita income of our country has been evaluated

by the IMF as Rs 1255. What is the position of the Government in that respect?

And thirdly, he was mentioning about China. China is not there in GATT. How could it sustain itself and develop into a very big and mighty economic force? Today, it might be taking a stand to join GATT. Why not our country, with so much middle class population, think of doing so? We have not only to enter their market but they are also very keen to enter our market to tap this consumer's market. Why not we stick to our stand very stubbornly in order to protect our national interest?

KUMARI MAMATA BANERJEE (Calcutta South) Sir, ours is a vast country and seventy per cent of our people live in rural areas.

I want to ask the hon. Minister as to what protection the Government is giving for the farmers, specially, the farmers who come from the agricultural belt. What steps are the Government taking to protect the rights of the farmers as far as fertilizer subsidy is concerned?

Secondly, what steps are the Government going to take to make available life-saving drugs at reasonable prices to our poor people?

SHRI SRIBALLAV PANIGRAHI (Deogarh): Sir, I have a very simple question to ask viz. about the period of patent. As of today, it is 14 years and it is going to be raised to 20 years as per the Dunkel Draft. I think, it will be to our disadvantage further if it is increased to 20 years from 14 years.

I want to know whether the Government considers desirable to get it reduced even from 20 years to a lesser period. I want

to know whether the Government had negotiated in that regard or not.

SHRI SAIFUDDIN CHOUDHURY (Katwa): Sir, the hon. Minister has said that as far as banking system is concerned, our position will be "standstill".

Mr. George Fernandes has referred to that. But the question remains that if that is good even today, will that "standstill position" be retained? I want to know whether there will be a Clause in the GATT agreement that in this particular area, your own laws will operate.

If we can have this advantage for banking industry, we can have the same advantage for other areas also. So, this has to be very clearly and categorically stated by the Minister that in a particular area we can ignore their agreemental clauses and have our own laws. Otherwise, there is no meaning of this.

SHRI RUPCHAND PAL (Hooghly): In view of the fact that most of the provisions of the DDT straightway affect the Constitution of India and they are having far-reaching consequences for the State Legislatures, their rights, may I know whether the Government is prepared to assure this House that, before having the concurrence of the Parliament and also the WState Legislatures, that they will not sign any such documents which may jeopardise self-reliance and the economic sovereignty of the country.

There are more than 500 seed companies in our country which are providing seeds across the country. Will the licence of right be available to them as per any convention-1978 Convention or 1991 Convention-so that automatically they can multiply and sell seeds to the farmers who require them?

Will the Government assure that in time of crisis in the case of monsoon failure the Government will be at a liberty to procure compulsorily the foodgrains to provide food through the PDSs at a price determined by the Government or the Parliament?

SHRI NIRMAL KANTI CHATTERJEE: He has a research back up. I want to know from him that, in view of the fact that our drug prices are sometimes 500 per cent less than what is obtaining elsewhere where patents are held, what he has to say about it? What his research back up says about the rise in drug prices in the coming years?

SHRI BHOGENDRA JHA (Madhubani) The Minister has given us many clarification. He has also stated that he is seeking many more clarifications at the negotiating table. Will those clarifications be ensured to be incorporated in the agreement; if not what steps will be taken? Has any coordinated effort been made with countries which differ from us like Taiwan, Japan and even Australia on major points, particularly on the issue of agriculture, pharmaceuticals, services. Have we made any coordinated effort to put maximum possible pressure; or if not done yet, are we going to do that? Suppose whatever clarification we seek or amendment or whatever it is- nothing is available. Is India free to reject it or not or are our hands bound?

SHRI RAMESH CHENNITHALA (Kottayam) Most of the countries in the world are threatened by Special 301 - Japan Taiwan and Brazil. Stringent action was taken by these countries by Special 301. Can we raise this issue in the GATT about this if 301 will be there?

SHRI PRANAB MUKHERJEE : Mr. Speaker, Sir, a large number of clarifications have been sought. Firstly, I would like

to clarify one point. I mentioned in the course of my reply that some of the provisions of the multilateral negotiations will not be operative automatically. For that, legislation at the national Parliament will have to be brought; and the legislation will have to be amended according to the accepted principle. It is applicable to USA; it is also applicable to India; it is also applicable to any other contracting party. Otherwise, it will not be applicable.

I mentioned about unilateral provisions on the floor of this very House when under Special 301 we were designated as a priority country; I mentioned that this was the unilateral action.

Through the dispute settlement mechanism under multilateral fora we will ensure that no country is in a position to take unilateral action. Unilateral action, if they take, they will violate the GATT discipline. The second question is about Article 18 (*Interruptions*)

Will you allow me to continue or will you go on speaking? Then there is no need to seek clarifications.

MR. SPEAKER: One by one, please.

SHRI PRANAB MUKHERJEE: I am just clarifying. The second question is about Article 18A of GATT. When this arrangement comes the old GATT goes. That I have mentioned. When this arrangement comes, there will be three separate agreements. When this arrangement comes, the old GATT goes, the old concept goes because the earlier GATT was for a limited purpose of trade. We have extended the areas substantially.

SHRIMATI MALINI BHATTACHARYA: That means that the developing nations will

no more be getting the special and differential treatment.

SHRI PRANAB MUKHERJEE: The MFNE will get and so within the multilateral fora through the bilateral arrangement you get something. For example, take GSP. It is not mandatory. But GSP is being provided by the countries themselves. The USA withdrew the GSP in respect of certain commodities and imposed duties. So, those facilities and flexibilities will continue.

The next question was why agriculture has been brought within GATT. Why it has been brought, I have explained in detail. It is foolhardy today to say that it should not have been there.

So far as *sue generis* is concerned, we will have to take it. There is no standard formula applicable to it and here we shall have to work out the legislation and so far as the micro-organism is concerned, the stated position of India is that we are not going to assent for micro-organism.

In respect of the farmers' rights, I have mentioned it umpteen number of times either the exchange, or use, or limited sale — not commercial, of course, you cannot sell — which is not for commercial purposes will be fully protected.

SHRI BASUDEB ACHARIA (Bankura): For what purpose is it done? What about royalty?

SHRI PRANAB MUKHERJEE: If you sell for exchange, it is protected.

SHRI SOMNATH CHATTERJEE: The hon. Minister says 'limited sale' What is 'limited sale'? It may be explained.

SHRI PRANAB MUKHERJEE: I am saying 'exchange'. Rather, it is this way: What is prohibited is the commercial sale. But that is the prevalent practice.

[*Translation*]

SHRI NITISH KUMAR: Will the royalty have to be paid or not.

SHRI PRANAB MUKHERJEE: The royalty will not have to be paid I am telling this very thing.

[*English*]

Sometimes, for the use of cultivation the farmers retain a part of their product, for exchange.

I am telling you that for retaining, for the next generation of cultivation, or exchange for higher rates — sometimes we do exchange for higher rate — for these activities there is no question of paying any royalty. (*Interruptions*)

MR. SPEAKER: The point is complicated. You have to allow it to be explained. You cannot confuse the minister like this. I will explain it to you.

SHRI INDRAJIT GUPT (Midnapore): May I say one thing? (*Interruptions*)

MR. SPEAKER: If the matter is complicated, let us discuss it in a fashion that we can understand it. If you want to know what is 'limited sale' it can be explained. I produce the seed and I sell it to the seller of the seed. It may not be allowed. I produce the seed and I sell it to the farmer, who wants to use it.

(*Interruptions*)

SHRI SOMNATH CHATTERJEE: That

is not permitted. Let the Minister say that.
(Interruptions)

MR. SPEAKER : If my explanation is not correct, then the Minister can explain it.

SHRI PRANAB MUKHERJEE: Sir, I have used the word 'exchange'. (Interruptions)

SHRI SOMNATH CHATTERJEE: That is barter. (Interruptions)

SHRI PRANAB MUKHERJEE: My dear Sir, please wait. What does 'exchange' mean? Exchange may be in kind or exchange may be in cash. I have used the word 'exchange'. Let us not complicate the issue by further interpreting it. (Interruptions)

MR. SPEAKER : Let the Minister complete his reply. I will allow you again to ask one question. You cannot confuse the country by just confusing yourself.

(Interruptions)

SHRI NITISH KUMAR Sir, we cannot allow the Minister to confuse the country
(Interruptions)

MR. SPEAKER: I will allow you to ask one question after the Minister's reply. Now, you have to sit down.

SHRI PRANAB MUKHERJEE: I can assure this House that we are very much interested in protecting the interests of the farmers. The farmers' interests will be fully protected. (Interruptions)

SHRI NITISH KUMAR: Kindly allow me to seek one clarification. (Interruptions)

MR. SPEAKER: If you have to seek any

further clarification, I will allow one or two questions to be asked later on. But I will not allow you to interrupt the Minister when he is explaining. I will also allow Indrajitji to seek one clarification later on.

(Interruptions)

SHRI A. CHARLES (Trivandrum) : Sir, they have come to a decision to stage a walk-out to gain political mileage. This is unfair. (Interruptions) We understand their feelings. (Interruptions)

SHRI SOMNATH CHATTERJEE: You need not advise us. (Interruptions)

MR. SPEAKER: Shri Charles, please sit down.

I will allow Shri Nitish Kumar and Shri Indrajit Gupta to ask one question each after the Minister completes his speech.

SHRI INDRAJIT GUPTA: I would seek one clarification and it would not take half a minute for the Minister to clarify. What you are saying is about seeds, exchange of seeds and how the farmers can part with the seeds. Does this apply also to all the special kinds of seeds - hybrid seeds, high yielding seeds, and not the normal or ordinary seeds which the farmer has been using? What you are saying applies to the ordinary seeds. What about the new varieties of hybrid seeds and high yielding seeds, which are being developed or at times in which he is interested in it?

SHRI PRANAB MUKHERJEE: So far as high yielding varieties are concerned, he will have to pay the royalty for the first time. (Interruptions) I would most respectfully like to know from the hon. Member one thing. When you buy new variety of seeds, which

is not available here, is it not that the price which you pay include the royalty. (*Interruptions*)

SHRI INDRAJIT GUPTA : From whom will you buy?

SHRI PRANAB MUKHERJEE: But, thereaftewr, when you use it for the next generation of cultivation or when you use it for that part have you that right? What is prevented....

SHRI ANIL BASU (Arambagh): You do not know. (*Interruptions*)

SHRI PRANAB MUKHERJEE: I am sorry. I admit that I am Mr. no one. You are Mr. expert, I admit. I do not know. But, unfortunately you have to seek clarifications from an ignorant person like me. Therefore, let us not go to that aspect. What I understand is that he knows everything and I know nothing. (*Interruptions*)

But, assuming that the fact is what is prevented in the text and if we accept the text that there will not be the commercial sale. (*Interruptions*)

SHRI SOMNATH CHATTERJEE: That will be against the national interests.

[*Translation*]

SHRI PRANAB MUKHERJEE: You are looking after National Interest and as if we are not, leave this issue.

[*English*]

You are the only those who accidentally sit on that side as the champion of the national interests for the last forty years. I assume it. But, my point is different. My

point is that the traditional practice of the farmer which is going on for ages is not going to be affected in any way. Two issues were raised-whether the traditional practice of the farmers of retaining a part of the product for the next generation of cultivation for exchange would be jeopardized or not. The answer is 'No'. In respect of the patenting of the seeds.....

MR. SPEAKER: I have also a question. There is a difference between exchange and sale. Please will whether it is sale or exchange.

SHRI PRANAB MUKHERJEE : The exact word is used 'for the exchange'. But, definitely we can have the foot-note and we can have the clarification and I can seek the.. (*Interruptions*)

SHRI PRANAB MUKHERJEE: The exact word which is being used is ' replanting and exchange of the projected seed variety is permissible'. The farmer is not permitted to undertake commercial sale of branded seeds. (*Interruptions*)

SHRI BASUDEB ACHARIA : What is the difference between commercial sale and non-commercial sale? (*Interruptions*)

SHRI PRANAB MUKHERJEE: Therefore, exchange is for branded and protected seed. He cannot sell it commercially. But, he can retain a part of it for the next generation of cultivation. He can exchange it with the other farmers for getting other varieties of seeds for his own use.

MR. SPEAKER: I am allowing Shri Nitish Kumar.

[*Translation*]

SHRI NITISH KUMAR: Mr. Speaker,

Sir, just now the hon. Minister told about the hybrid seed. The hybrid seeds cannot be used by retaining it for a long period. Each year it will be used for the first time.

MR. SPEAKER: There are two kinds of hybrid seeds. They are produced every year and it can be produced from generation to generation.

SHRI NITISH KUMAR: That is all right. The measure of the hybrid seed and that of ours is 5 per cent. Our concern is not so much with the hybrid seed as it is with the composite variety or with the traditional improved variety. The farmers in this country meet the two-third requirement of the seeds by selling it and by exchanging it and the two thirds of the seeds including the commercial sellings and retained by the farmers to which the Government is making a reference. The one-third requirement of the seeds is met by the State seeds Corporation and National Seeds Corporation. Even two-thirds of the seeds constitute 4 lakh tons of market trade and this is the bone of contention. The moment the farmers are not allowed to go in for commercial sale of seeds, the multinational plants producer will enter our seed sector.

And our concern is the same. The farmers will not be permitted to trade in seeds and there will arise the question of royalty.

MR. SPEAKER: Are you trying to protect it or not?

SHRI NITISH KUMAR: This is against the interest of farmers therefore, we cannot accept it.

[English]

SHRI PRANAB MUKHERJEE: Sir, I

have already clarified that so far as the interests of the farmers are concerned, they are fully protected. There is no question of dilating. Simply the agitation of these gentlemen sitting on the Opposition benches, does not indicate that they are the only protectors of the farmer's interest. I can assure the House that the farmer's interest will be protected. This is nothing but a political gimmick (Interruptions)

SHRI SOMNATH CHATTERJEE: Sir, this is a very very serious matter. He may ridicule us but national interest is involved. Almost all sections of the House are agitated on this very very vital issue. He has not even clarified the points. This is against the country's interest, against the national interest and we cannot be sitting here and watching our national interests being jeopardised.... (Interruptions)

13.51 hrs.

At this stage Shri Somnath Chatterjee and some other hon. Members left the House

SHRI PRANAB MUKHERJEE: Sir, they may go but I would like to clarify one point.. (Interruptions)

SHRI CHHEDI PASWAN (Sasaram): Sir,..... (Interruptions)

MR. SPEAKER: This is not correct. I will take action against you if you behave like that.

(Interruptions)

SHRI LALL BABU RAI (Chhapra): Sir,..... (Interruptions)

MR. SPEAKER: Now you are going beyond certain limits.

(Interruptions)

MR. SPEAKER: I am warning this Member who has behaved improperly here without any reasons, without any rhyme...

(Interruptions)

MR. SPEAKER: You move Breach of Privilege motion; I will take action against him.

(Interruptions)

SHRI PAWAN KUMAR BANSAL: Sir, this is unbecoming of a Member of Parliament to throw papers on others in the House like this. Please stop this. *(Interruptions)*

SHRI PRANAB MUKHERJEE: Sir, I would like to clarify on epoint. The hon. Members went on agitating. Because they wanted to agitate, they agitated. I have nothing to comment on that. They may consider themselves as the only champions of the farmers but the important point which is to be noted here is that in case of all new seed varieties which are developed by our National and State Agricultural Research Universities and laboratories, can be multiplied and sold without giving any royalty and without any restriction and can be publicly funded and researched for public use. Therefore, if a situation and a scenario arises and if, at some point of time somebody raises this objection that it may cause some difficulties, this protection is simply available and our agricultural scientists are competent enough to utilise it and to develop new varieties.

SHRI BHOGENDRA JHA : Sir, not a single question put by me has been answered. The question asked was whether you have coordinated you efforts with those who are apprehending like us.

SHRI PRANAB MUKHERJEE : Sir, am sorry, I forgot to reply to that.

SHRI INDRAJIT GUPTA: What about State Governments? You are ignoring them completely.

SHRI BHOGENDRA JHA: Sir, the second thing is whatever modifications you seek and whatever clarifications you seek to be incorporated, if they are not accepted, are you free to reject it or not?

SHRI PRANAB MUKHERJEE: Sir, so far as the clarification which he sought, have already mentioned that it has been accepted and the text of the Draft itself has been changed. Our PDS system will be fully protected. As regards the tariff binding of the agricultural product to protect our farmers, I have given you the schedule. These are all the amendments which we have put and which have been adopted.

In respect of coordination with other countries, constantly that coordination is going on. But what can I do if the information of the hon. Member is not correct? They told that France is opposing. My information is that they have already agreed. They told that Korea is opposing. But Korea has already agreed.

Therefore, if there is no basis for the information which they are giving, I cannot respond to it.

SHRI BHOGENDRA JHA: One by one they are collapsing.

SHRI PRANAB MUKHERJEE: It is for them to decide whether they will collapse or they will stand. I cannot decide their policy. In respect of the constitutionality and other angles, I am not a constitutional expert. So far as these aspects are concerned, they

are gone into. There is nothing preventing Government of India as regards its legislative competence or its constitutional competence to go on denter into this agreement. It is not for the first time that we are going in for an international arrangement like this. On earlier occasions we had been there when we had entered into international agreements.

So far as agricultral policy is concerned, eee P.D.S is the Government of India policy though agriculture is the State Subject. Though agriculture is the State subject, the minimum support price is the policy of the Government of India. Therefore, you cannot simply say that something is within the State list and, therefore, the legislative competence of the Government of India does not extend to cover that while entering into international agreements.

SHRI INDRAJIT GUPTA: I did not go even that far. I said that in all propriety, in a country where there is a federal structure, before going in for such an agreement, which will have an impact on the rights of the States and the State Governments specially in respect of subjects which ar ein the State list, should not the States be properly consulted and their consent taken? That has not been done. No reply was given to the letter writtern last year by the Chief Minister of West Bengal to the Prime Minister saying that nothing should be conclusively agreed to without consulting the States. They have refused to do that. I protest on this aspect.

SHRI PRANAB MUKHERJEE: I mentioned about it earlier. Of course, I did not consult the State Government because it was not considered necessary. But definitely I consulted all the political parties. And that is not a single State Government in this

country whihc does not belong to a particular political party.

SHRI BHOGENDRA JHA: But the question is... (*Interruptions*)

MR. SPEAKER: I have allowed another Member to speak. Please let him also ask the question. You are not the only Member in the House.

SHRI BHOGENDRA JHA: Sir, my point is on this issue. (*Interruptions*)

MR. SPEAKER: Why this is being done? I have permitted another Member. He is also a Member.

(*Interruptions*)

SHRI MRUTYUNJAYA NAYAK (Phulbani) : Shri Bhogendra Jhaji, you got your chance twice. Let others alos ask questions. (*Interruptions*)*

MR.SPEAKER: It is not going on record.

[*Translation*]

SHRI BHUPENDER SINGH HOODA (Rohtak): Through you I would like to seek some information regarding seeds from the hon. Minister. The multinational companies will come to India and supply their seeds in bulk. The seeds will be high yielding which have weak anti-disease genes. Suppose any virus also comes with the seeds, will the farmers be entitled toget compensations from these multi-national companies.

[*English*]

SHRI PRANAB MUKHERJEE: Sir, I cannot reply to that type of clarification. But

this is a contractual obligation. When you buy something, there must be a provision in the contract for some compensation if it is not upto the standard.

SHRIBHOGENDRA JHA: Sir, with your permission I want to ask a question to the Minister. If nothing of the modifications or amendments or whatever we seek here is accepted, will India agree to reject the Draft?

MR. SPEAKER: Do you need an explanation of this kind from the Minister?

SHRI BHOGENDRA JHA: Yes sir.

MR. SPEAKER: Not necessary.

The House stands adjourned to meet again at 3 p.m.

14.00 hrs.

The Lok Sabha then adjourned for Lunch till Fifteen of the clock.

15.07 hrs.

The Lok Sabha re-assembled after Lunch at seven minutes past Fifteen of the Clock

[SHRI SHARAD DIGHE *in the Chair*]

MR. CHAIRMAN: Now Matters under Rule 377. Shri Kalia Perumal.

MATTERS UNDER RULE 377

- (i) **Need to correct railway track from Villupuram to Cuddalore to Broad gauge**

[English]

SHRI P.P. KALAPERUMAL

(Cuddalore): Sir, a 1000 mega watt thermal power project in Cuddalore, Tamil Nadu has been reviewed and the development plan has been completed. This project would require four million tonnew to five million tonnes of coal or lignite per annum and this has to be brought from Orissa by rail-road to Cuddalore through Madras and Villupuram. The present trach from Madras to Villupuram is already being connected to broad gauge. But trach from Villupuram to Cuddalore is connected to meter gauge and it is now inevitable to connect this tract to broad gauge.

Hence I urge upon the Central Government to connect the track from Villupuram to Cuddalore to broad gauge.

- (ii) **Need to protect Chilka Lake from siting and shrinking.**

SHRI GOPI NATH GAJAPATHI (Berhampur): The fast decline of marine yield in the Chilka Lake in Orissa has posed a serious problem for a large number of people living in the nearby villages. Spread over about 1,000 Sq.Km, Chilka, the largest brackish water lake in Asia, hasbeen gradually shrinking.

According to an estimate, the total annual yield of marine produce from Chilka was 10,000 metric tonnes in 1980-81. This cam edown to 7,000 metric tonnes in 1984-85. Now in 1992-93. the yield is 2,000 metric tonnes only.

About 50,000 traditional fishermen and more than one lakh other people surrounding 192 villages depend solely on this lake for their livelihood. If the lake goes onshrinking at this rate, the fish catch will gradually decline. Apart from this, the rapid deforestation in the catchment areas of the lake and land grabbing activities around it also are the causes of decline in the marine