

account all these suggestions put-forth today.

SHRI CHARANJIT CHANANA: I have only to confirm what I have said.

SHRI S. A. DORAI SEBASTIAN: I would like to know from the hon. Minister if the Import Policy allows such kind of a machinery for manufacture of Card-Board Match boxes being imported in the country, as the hon. Minister is aware, the import of this kind of machinery will definitely adversely affect the cottage and small-scale match industry and, if that is so, why the Government is not banning the import of this machinery from the list of Import Policy.

SHRI CHARANJIT CHANANA: If the hon. Member's suggestion is in regard to the import policy, he will have to refer his question to the Commerce Minister.

SHRI S. A. DORAI SEBASTIAN: The hon. Minister is aware that the import of such machinery will definitely affect the small-scale and cottage industry. Why does not the Minister come forward to ban the import of such machinery from the list of import Policy?

SHRI CHARANJIT CHANANA: I have already said and I confirm that we will not permit anything at all which comes in clash with the growth of cottage industry or small-scale industry. There is already a ban on that particular thing. Anything which comes in conflict with the growth of cottage and small-scale industry is already banned.

SHRI K. KUNHAMBU: May I know from the hon. Minister whether the Government have received any representation from the cottage match manufacturers of Kerala requesting to keep in abeyance the decision of the Government regarding excise duty till the units in Kerala are brought under KVIC and, if so, what action Government propose to take?

SHRI CHARANJIT CHANANA: I shall have to check up about this particular representation because I do not have the details about it.

Development of Electronic Watch Industry

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*660. **SHRI K. MALLANNA:**
SHRI CHINTAMANI JENA:

Will the PRIME MINISTER be pleased to state:

(a) whether there is any proposal under consideration of Government to take effective steps to develop the electronic watch industry within the framework of the industrial and technology policy on electronic watches; and

(b) if so, the details thereof?

THE DEPUTY MINISTER IN THE DEPARTMENT OF SCIENCE AND TECHNOLOGY AND SPACE (SHRI VIJAY N. PATIL): (a) and (b). A statement is laid on the Table of the House.

(a) and (b). The Industrial and Technology Policy on the Electronic Watch Industry as approved by the Government in April 1980 is set out in the annexure.

The following steps have been taken by Government to implement the Policy:—

(i) The applications for industrial licences/small scale approvals for Digital Electronic Watches (DEWs), which have been received, are being actively processed in accordance with the provisions of the Industrial and Technology Policy on Electronic Watches.

(ii) For both analogue and digital electronic watches, import of all electronic watch modules and the electronic components going into such modules has been canalised through the public sector company of the Department of Electronics, M/s. Semiconductor Complex Ltd., with effect from July 3, 1980.

(iii) Discussions have been held by the Department of Electronics and the Semiconductor Complex Ltd., with the new DEW assemblers in the organised sector, viz. M/s. HMT and the State Electronic Development Corporations, to finalise the type of modules and quantitative estimates of the requirements of each of the companies. Similar discussions are being planned in the very near future, with the new small scale units as well as with the existing electronic watch assemblers.

(iv) The applications for industrial licences for Analogue Electronic Watches are also being dealt with in accordance with the provisions of the Industrial and Technology Policy on Electronic Watches.

ANNEXURE

Industrial and Technology Policy for the Electronic Watch Industry

Government have decided that electronic watch production for the domestic market must be set up from the very beginning as a genuine industry. This means that even in the initial stages, when the four basic electronic components going into such a watch viz. the large scale integrated semiconductor circuit, the display, the special quartz watch crystal and the special battery will need to be imported, these components will be procured as discrete elements and assembled together to form the basic electronic watch module. The approach would be similar in regard to the cases in which the module is enclosed, and the mechanical piece parts involved in the finished watch.

2. Industrial approvals for the assembly of complete Digital Electronic Watches (DEW) would be issued to HMT, a suitable number of public sector companies of (floated by the State Electronics) Industrial Development Corporations who have applied, and an appropriate number of new small scale units having the necessary competence, who have applied. This would be apart from the few units (in both large and small scale sectors) actually assembling DEWs today. The mechanical cases and piece parts for

DEWs would be approved for manufacture only by HMT and another public sector company engaged in the manufacture of mechanical watches and watch cases.

3. The electronic watch is a consumer durable of such character that its efficient marketing and more importantly technical after-sales-service, on a national basis, is of critical importance for protecting the consumer interest. This calls for considerable technical, managerial, organisational and financial capacity. Therefore, the marketing and after-sales-service of DEWs would be undertaken only by HMT and the public sector companies of State Electronics/Industrial Development Corporations referred to in para 2 above, apart from the existing DEW assembling units. DEWs assembled by the new small scale units to be approved, would be marketed and serviced by HMT or any of the State Corporations, based on tie-ups to be promoted by the Department of Electronics.

4. None of the four basic electronic components needed to assemble electronic watches is made in the country today. All of them, except the special battery, are also needed for other electronic products, if with some variations. The increase in demand for these electronic components which the setting up of electronic watch production as a genuine industry will generate, is an extremely important objective in Government's overall decision to launch electronic watch production for the domestic market. However, if that demand boost for our electronic component industry is to be actually realised in practice, maximum standardisation of the watch components is essential. Only then will the market for each of these components be large enough and uniform enough in terms of technical specifications/types, to make their local production technoeconomically viable. This standardisation would be ensured by the initial import of the complete electronic modules for DEW, and the subsequent

import of the electronic components going into that module—Large Scale Integrated (LSI) circuit, display, crystal etc.—being canalised through the Semiconductor Complex Ltd. (SCL) and directly allotted by SCL to all DEW assemblers, including the units actually assembling DEWs on date. Such direct allotment would be against registered Actual User requirements subject to the maximum required to meet licensed/approved capacities, and uniformly at the import and associated duties specified in the Import Tariff during 1980-81 and onwards. However, approved DEW assemblers will be allowed to import directly such modules/components, against REP licences earned by them through the export of Digital Electronic Watches. After the initial import of complete electronic modules, SCL would undertake assembly and supply of the complete electronic module to all DEW manufacturers, with progressive indigenisation, of the LSI circuit by SCL itself, and the Display and the Crystal by other public sector companies.

5. The units actually assembling DEWs today, will continue to market the watches assembled by them. During 1980-81, SCL will supply, through its canalised imports, the types of complete electronic module needed for the watches those units are assembling today, or the individual electronic components in the case of those units already engaged in local assembly of modules. These units will be permitted to import the mechanical cases they need for their 1980-81 production directly. However, from 1981-82, these units would get an increasing proportion of their requirements of electronic modules/LSI circuits from domestic supplies made by SCL. The same will be the case with the Displays and Crystals to be made by other public sector companies. Such residual imports as may be needed will continue to be supplied by SCL on a canalised basis. A similar phased change-over to domestic

source of supply viz. HMT or the other public sector company involved, will be effected by government in regard to the case and mechanical piece parts needed by these units.

6. The single point supply of electronic watch modules by SCL to all assemblers (including the units already engaged in such assembly) initially through canalised imports and progressively from local production, would be used by government to implement a pricing policy for the finished DEW which would ensure that the mechanical watch industry is not affected by the introduction of the DEW. The difference between this price of the complete electronic module fixed on the basis of public policy, and the actual price based on normal commercial production by SCL, will be credited to the Consolidated Fund of India.

7. As for Analogue Watches i.e. watches which have a conventional dial, but where the normal watch movement is replaced by an LSI device and a quartz crystal, industrial licensing would be according to the general policy applicable to mechanical watches. However, the supply of the LSI device, the quartz crystal and the Stepper Motor, would also be directly allotted to all parties approved to make such Watches, solely by SCL on a canalised basis as in the case of DEW and for the same reasons.

SHRI K. MALLANNA: According to the policy statement of the Government, the industrial and technological policy for the electronic watch industry, the country is importing almost all the components, if not very important components, of electronic watches. May I know from the hon. Minister whether our technology has not been so developed as to manufacture these components and if so, what are the reasons and what steps have been taken to manufacture these things in India? And what is the foreign exchange involved in the import of these components?

SHRI VIJAY N. PATIL: The technological content of the digital electronic watch is mainly large scale integrated semi-conductor circuit, liquid crystal display, special quartz watch crystal, the special watch battery, and the precision mechanical case. At present, we have got the technical know-how and we are having the liquid crystal display manufactured indigenously; the other components, we are importing. Gradually we will be able to manufacture them indigenously in different public sector undertakings within two or three years. The cost involved in the import of the components part is estimated within the framework of some few lakhs of rupees.

SHRI K. MALLANNA: The small scale and others in the electronic watch industry are manufacturing sub-standard watches and are also selling in the market at high prices. This may be due to lack of considerable technical, managerial, organisational and financial capacity. In this context, I want to know from the hon. Minister whether all the products produced by the small scale units will be channelised, processed and scrutinised by the HMT and sold to the market through the HMT.

SHRI VIJAY N. PATIL: At present, one large scale unit and three small scale units are assembling digital electronic watches. Of course, the standard is poor, and the calibrations are poor. That is why, Government have declared this policy, as is stated in the statement, the Department of Electronics is channelising this through the Semiconductor Complex Ltd. with effect from July 3, 1980. The main cost is on standardisation of the material. Maximum standardisation of the components is essential to make their local production techno-economically viable. That is the main aspect of it, and the marketing through HMT is being considered. About nine State Electronic Corporations are being involved in due course for the marketing and after-sale servicing of these watches.

SHRI CHINTAMANJ JENA: After the issuing of such licences within the framework of the new industrial policy by the present Government, what would be the production of all those applicants who have applied for the licence and what would be the prices of those watches and whether the prices of those watches will be much lower than those of the imported watches? What action is Government going to take to see that the prices of those watches would be lower than those of the imported ones?

SHRI VIJAY N. PATIL: The price component of the digital electronic watch will range from Rs. 350 to Rs. 700. As far as the smuggling part of it is concerned, experience has shown that smuggling is more a matter of taste than of price. A second hindrance to smuggling is lack of repair facilities for such watches, and the calibration in India and availability of batteries for these—all these are a deterrent for smuggling.

SHRI CHINTAMANJ JENA: The Minister has not replied to the second part of my question. I wanted to know what would be the production and what would be the requirements for the next five years.

SHRI VIJAY N. PATIL: We are assessing for different units.

SHRI M. S. SANJEEVI RAO: I want to know this from the Minister. He is very well aware that we are in the infancy regarding the manufacture of electronic watches. Even for the small quantities we are manufacturing, we are importing most of the vital components like the integrated circuits crystals and batteries. I very well know that in 1976 itself our Prime Minister had made plans to manufacture the integrated circuits, mainly the semi-conductor part of it, but, unfortunately during the Janata regime they have completely neglected our effort to achieve self-reliance... (Interruptions).

So, I want to know from the Prime Minister particularly whether she will take effective steps to rectify this defect and see that we start manufacture of vital components so that we may become self-reliant.

AN HON. MEMBER: That is a matter for consideration.

THE PRIME MINISTER (SHRI-MATI INDIRA GANDHI): It is very much a part of our policy that we should become self-reliant and manufacture as much as we can ourselves. Our scientists and our engineers are working on this.

I heard some hon. members saying 'Ha, Ha' just now when a Member spoke about what happened during the Janata Party rule. I am told that.

"The liberalisation of imports policy of 1978-79 resulted not only in additional draws of foreign exchange but also put some domestic industries at a disadvantage."

I do not want to go into the details of the examples we have "but we do have to take steps now to ensure that domestic industries and self-reliance are not affected by our measures to promote imports or to fill up the so-called gaps in technology or productivity capacities as part of this process and we should have reasonable restrictions... (Interruptions) in the import policy to reduce our dependence on imports thereby providing the desired protection to our own indigenous industry."

MR. SPEAKER: Next question—
Shri Harinatha Misra... Then Shri A Neelalohithadasa Nadar....

Shri Narain Chand Parashar.

Drawbacks in Industrial Development of Backward Areas

*663. PROF. NARAIN CHAND PARASHAR: Will the Minister of INDUSTRY be pleased to state;

(a) whether Government are aware that one of the major drawback in the industrial development of backward areas is the lack of infrastructure like the Railway lines and other means of communications in these regions;

(b) if so, whether his Ministry have requested the Planning Commission and the Union Ministry of Railways for the construction of new Railway lines in these regions;

(c) if so, the names of the Railway lines which have been planned for the industrial development of these regions on the recommendations of his Ministry and whether some of them have since been sanctioned constructed;

(d) if so, the names thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI CHARANJIT CHANANA): (a): Yes, Sir. This is true in some cases.

(b) to (e). Government had appointed the National Transport Policy Committee in April, 1978 to evolve a rational policy for construction of new railway lines including unremunerative lines and developmental lines in the backward areas of the country. This committee has recently submitted its report which is under examination.

A statement is laid on the Table of the House regarding new lines projects and surveys.