

**COMMITTEE
ON
GOVERNMENT ASSURANCES
(1991-92)**

(TENTH LOK SABHA)

SECOND REPORT

**REVIEW OF PENDING ASSURANCES
OF
SEVENTH LOK SABHA**

(Presented on March 25, 1992)



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1992 / Phalgunā 1913 (Saka)

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**COMPOSITION OF THE COMMITTEE ON GOVERNMENT
ASSURANCES***
(1991-92)

CHAIRMAN

Dr. Laxminarain Pandey

MEMBERS

2. Shri Sai Prathap Annayyagari
3. Dr. Krupasindhu Bhoi
4. Shri B. Devarajan
5. Shri B.K. Gudadinni
6. Shri Prabhu Dayal Katheria
7. Shrimati Krishnandra Kaur (Deepa)
8. Shri Balin Kuli
9. Shri Manphool Singh
10. Shri Ajoy Mukhopadhyay
11. Shrimati Pratibha Devisingh Patil
12. Shri Shashi Prakash
13. Shri Naval Kishore Rai
14. Shri Gadam Ganga Reddy
15. Shri Chinmaya Nand Swami

SECRETARIAT

Shri R.C. Bhardwaj —	<i>Additional Secretary</i>
Shri Murari Lal —	<i>Director</i>
Shri Joginder Singh —	<i>Deputy Secretary</i>
Shri K.K. Ganguly —	<i>Under Secretary</i>

* The Committee was nominated by the Speaker w.e.f. 25 November, 1991 vide Para 515 of Lok Sabha Bulletin Part-II dated 25.11.1991.

INTRODUCTION

1. the Chairman of the Committee on Government Assurances, as authorised by the Committee, do present on their behalf, this Second Report of the Committee on Government Assurances.

2. The Committee (1991-92) were constituted on November 25, 1991.

3. The Committee at their second sitting held on December 27, 1991 considered two pending assurances of Seventh Lok Sabha. At their sitting held on March 16, 1992, the Committee considered and adopted the draft Second Report.

4. The Minutes of the aforesaid sittings of the Committee form part of the Report.

5. Chapter I of the Report contains conclusions/observations of the Committee.

NEW DELHI;

DR. LAXMINARAIN PANDEY

March 16, 1992

Phalguna 26, 1913 (Saka)

*Chairman
Committee on Government Assurances*

REPORT

I

REVIEW OF PENDING ASSURANCES OF SEVENTH LOK SABHA

During the Seventh Lok Sabha 7231 assurances were culled out from the Lok Sabha Debates. Out of these 7229 assurances have been implemented. These figures take into account the statements of implemented assurances laid on the Table of the Lok Sabha by the Ministry of Parliamentary Affairs upto *November 22, 1991*.

2. At their sitting held on December 27, 1991, the Committee reviewed the remaining two assurances of Seventh Lok Sabha alongwith the other items in the Agenda. The details of these assurances are given in succeeding chapters.

(i)

National Communication Policy

On February 28, 1984, Shri Chintamani Panigrahi and Prof. Narain Chand Parashar, MPs addressed the following Starred Question No. 43 to the Minister of Communications:

- “(a) whether Government have a proposal to adopt a national policy on communications;
- (b) if so, the details thereof and when such national policy is expected to be adopted; and
- (c) the steps taken to expedite the introduction of such a National Communications Policy?”

1.1 In reply to the question, the then Minister of State for Communications (Shri V.N. Gadgil) stated as follows:—

- “(a) Yes, Sir.
- (b) A policy paper is under preparation.
- (c) The policy will be basically a guideline for formulation of the plans of various Departments like Communications, Information and Broadcasting etc. No specific steps at present are proposed other than this.”

1.2 During the course of supplementaries on the question, Shri Chintamani Panigrahi, M.P. wanted to know the main recommendations of the various conferences and seminars held during the World Communications Year for improvement of the Indian Telecommunication system and whether the Government of India had accepted any of the major recommendations. He also desired to know the main policy

decisions that the Government would like to take so far as the national communication policy was concerned.

1.3 In reply to the above supplementary, the Minister of State in the Ministry of Communications stated:

"1983 was celebrated as the World Communications -Year at the instance of the United Nations and as a part of those celebrations many discussions and seminars were held, many agencies like the Chambers of Commerce, Members of Parliament, Consultative Committees, were consulted, some ideas were thrown up, but as it pertains and affects many Ministries, like Electronics, Industries, Railways, Defence, we would like to obtain their views and after obtaining the views of the departments concerned, the statement will be finalised. I hope to present it in the next session of Parliament."

1.4 The above reply to the supplementary was treated as an assurance and the assurance was required to be fulfilled by the Ministry of Communications (Department of Telecommunications) within three months of the date of reply i.e., by May 27, 1984.

1.5 As the assurance was not fulfilled, the Committee (1989-90) at their sitting held on April 5, 1989 took evidence of the representatives of the Ministry of Communications. When asked about the reasons for the delay in implementing the assurance the Secretary of the Ministry stated:

"We have made a draft of the Communication Policy and it was circulated to the Consultative Committee of Parliament on 8.5.1988. After that some more changes have taken place. After the Telecom. Commission takes a shape, we would like them to have a look at the policy to be implemented in the next 10 years or so. Let Telecom. Commission also apply their mind. After that it will go to Cabinet for approval and then it would be submitted to Parliament.

1.6 As the assurance remained unfulfilled, the Committee on Government Assurances (1990-91) at their sitting held on February 8, 1990 again reviewed this pending assurance alongwith other assurances of Seventh and Eighth Lok Sabha and decided to take oral evidence of the Ministry of Communications. On March 5, 1991, the Committee (1990-91) took oral evidence of the representatives of the Ministry of Communications (Deptt. of Telecommunications) and made the following observations in their Sixth Report presented to the Lok Sabha on September 4, 1991:—

"The Committee are extremely unhappy to note the inordinate delay in the formulation of a National Telecommunication Policy. It was way back in February, 1984 that the Minister informed Lok Sabha that Government proposed to adopt a national policy on Communications and a policy paper in this regard was under preparation. In fact he hoped to present it in the next session of Parliament. The matter, was however, allowed to drift

thereafter and the National Telecommunication policy has not been finalised even after the lapse of more than six years since then.

During the evidence before the Committee on March 5, 1990 the Secretary of the Ministry of Communications promised to lay the policy on the Table of the House during the Budget Session. It is, however, yet to be finalised and the Ministry have now sought further extension upto August 15, 1990 to implement the assurance. Such inordinate delays in implementing the assurance on important matters is a sad reflection on the system of functioning of Government and is indicative of the scant regard shown to the assurance given by the Minister on the floor of the House. The Committee need hardly emphasise the importance and urgent need for the formulation of the National Telecommunication Policy. The matter should be reviewed at the highest level in the Government with a view to finalise the policy paper at the earliest to end the uncertainty in this regard."

1.7 The Ministry of Communications (Department of Telecommunications) sought further extension of time upto January 15, 1992 to implement the assurance on the following grounds:—

"The policy paper may take some more time before the same is finalised."

1.8 The assurance is still pending for implementation.

1.9 The Committee are constrained to observe that the Ministry did not accord due importance and attention to the assurance and treated it in a lackadaisical manner. The Committee see no justification for the inordinate delay on such an important subject of national importance viz. National Communication Policy in spite of the fact that telecommunication is critical to overall modernisation and is no longer a luxury but a necessity. The Committee reiterate the earlier observations made on the National Communication Policy in their Sixth Report of Ninth Lok Sabha. The Committee find no logical reasoning for the non-implementation of the assurance and keeping it pending for more than eight years.

1.10 The Committee decide to pursue this assurance and hope that during the current Budget Session the Ministry will implement the assurance and forward a brief to the Committee highlighting the steps taken after March 5, 1990 to implement the assurance.

(ii)

Legislation for Small Scale Units

On April 11, 1984, the following Unstarred Question (No. 7164) given notice of by Shri B.V. Desai, M.P. was addressed to the Ministry of Industry:—

- “(a) whether Government are keen to bringing about a legislation to protect the interest of the small scale industries;
- (b) if so, the main features of the legislation that is being considered to help and protect the small units in the country;
- (c) by what time the legislation is likely to be introduced; and
- (d) how many small units will be helped by this decision?”

2.1 The then Minister of State in the Ministry of Industry (Shri Pattabhi Rama Rao) gave the following reply:—

“(a) to (d): Yes, Sir. The Government is seriously considering to introduce legislation to give protection to small scale industries. The proposed legislation will be comprehensive and will take into consideration all aspects having bearing on the smooth functioning of the small scale industries sector. The legislation will be introduced in Parliament as soon as possible.

It is expected that nearly six lakh units which are presently registered with the State Directorates of Industries and are covered under the Small Industry Development Organisation's Assistance Programme, are likely to be benefited from this legislation.”

2.2 The above reply to the question was treated as an assurance by the Committee which was to be fulfilled within three months of the date of reply i.e., by July 10, 1984. As the Ministry were not in a position to fulfil the assurance within the stipulated period, they had been requesting

the Committee through the Ministry of Parliamentary Affairs for extension of time.

2.3 On March 25, 1986, the Ministry of Industry approached the Committee on Government Assurances through the Ministry of Parliamentary Affairs *vide* their U.O. Note No. XIV/Ind.(17)USQ. 7164-LS/84 dated 25th March, 1986 to drop the assurance. The Committee considered the request and decided not to drop the assurance. It was also decided to call the representatives of the Ministry of Industry in this regard.

2.4 On September 9, 1986, the Committee took oral evidence of the representatives of the Ministry of Industry (Department of Industrial Development). During the course of the evidence, when asked about the specific time by which the Bill would be introduced, the representative of the Ministry submitted as follows:—

“We have, in our small way, tried to explain the constraints that we are facing. The intention is definitely there. But in view of the constraints that we have tried to explain, our request is that basically, the assurance may be dropped, but if you do not think that that is the proper thing to do you are the best judges—then our request would be that we may be given a fair amount of time because we have tried to explain all the confabulations or tribulations, whatever you may like to call them, that we are likely to go through before bringing the Bill. I would submit that you give us a minimum of one year. We will, of course, try to bring it much before. We have already spent so much of time, thinking and effort on this. We have no intention of soft-peddalling the issue but we are faced with certain realities and we would seek your indulgence, if you cannot see your way to allow us to drop the assurance, to give us a minimum period of one year within which we hope we will be able to bring it before Parliament.”

2.5 Regarding the delay in the implementation of the assurance, the Committee on Government Assurances (1987-88), in their Eleventh Report presented to Lok Sabha on 10 May, 1988, made *inter-alia* the following observations:—

“The Committee are constrained to observe that this is a typical case where during a period of 17 years Government travelled in a reverse direction, from clarity to confusion, realism to escapism and consequently from decision to indecision. Indeed, it is a sad commentary on the decision making process in the Government.

The Committee are of the considered view that had an imaginative approach been pursued, the present position of uncertainty would not

have been created. It is a pity that even after a specific promise held out by the representative of the Ministry that within one year's time they would be able to bring the promised legislation before Parliament, it has not been possible for them as yet to do so. Rather from the renewed requests for dropping, it seems that they are not able even to decide that the idea of such a legislation is being dropped. Taking into consideration the importance of the matter and also the fact that so much precious time and efforts already devoted to it, the Committee urge upon the Government to take a final decision in the matter urgently. The Committee do hope and trust that either a Central legislation or a model legislation to be adopted by the States, as may emerge out of a consensus with the States, and other interests involved, would be finalised without further loss of time. This would automatically lead to the implementation of the assurance which has been outstanding for so long.

The Committee wish to add that there is absolutely no ground for the dropping of the assurance and the Ministry should in future make sincere efforts in this as well as other cases to honour the solemn commitments made by the Minister in the House instead of adopting an attitude of drift which is an anti-thesis of a responsible administration."

2.6 The assurance remained unimplemented even after the above recommendations of the Committee. The Committee on Government Assurances (1990-91) reviewed this assurance alongwith other pending assurances of Seventh and Eighth Lok Sabha at their sitting held on February 8, 1990 and decided to call the representatives of the Ministry of Industry for oral evidence to enquire into the reasons for delay in the implementation of the assurance.

2.7 Before the oral evidence, the Ministry in their note dated June 13, 1988 informed the Committee as follows:—

"The Ministry is working on a General Legislation to ensure prompt payments which is intended to help the Small Scale Sector in recovering its dues which is indeed a major problem faced by this Sector."

2.8 The Committee were further informed in a note dated February 27, 1990 that accordingly, a draft legislation to ensure prompt payment to the small scale industrial undertakings was drafted. The proposed draft legislation, *inter-alia*, provided for

- (i) A penalty interest of 18% per annum, if the payment is not made within 45 days of the acceptance of goods or rendering the services, unless some earlier date is agreed upon between the parties;

- (ii) The penalty interest which remains unpaid at the end of 30 days being added to the principal amount;
- (iii) The accounts relating to payments being specifically examined by auditors; and
- (iv) An amount equal to twice the amount of penalty interest remaining unpaid being included as income of an assessee chargeable to tax.

However, prior to placing the draft legislation before the Cabinet for its approval, it was circulated to the Ministries of Finance (Department of Economic Affairs), Railways, Department of Chemicals and Petro-Chemicals, Ministry of Food and Civil Supplies, Ministry of Steel and Mines, Department of Supply, Planning Commission, Ministry of Energy, Ministry of Defence, Department of Public Enterprises, Department of Coal, Department of Company Affairs, Department of Fertilizers, Ministry of Agriculture, Ministry of Finance, Banking Division, etc. for their comments/concurrence. The Ministry/Office of the DCSSI after receiving comments/suggestions from various Ministries made extensive exercise for making suitable additions/deletions in the draft Bill. The draft Bill was then discussed in the Law Ministry which had opined that the introduction of the draft legislation on delayed payments would encounter legal difficulties. It was further opined that the interest act already in vogue provides power to the courts of law to award interest at bank rates if the payments are delayed. The Law Ministry also stated:—

“It is a question of strong-weak relationship. If the proposed legislation is enacted, it is likely to create more litigations. The buyers may raise various disputes as to the quantity, quality and delivery of the goods.”

The Industry Ministry was, therefore, advised to re-examine/reconsider the proposal of introducing the legislation on delayed payments.

2.9 The Committee took oral evidence of the representatives of the Ministry of Industry at their sitting held on March 5, 1990.

2.10 When asked about the reasons for not fulfilling the assurance even after so much delay, the representatives of the Ministry stated as follows:—

“I am aware that the issue under assurance has a long and chequered history. It has its ups and downs. The assurance was given sometime in 1984 but unfortunately not much homework preceded the assurance. This has been admitted before this honourable Committee earlier also. The full implication of the assurance had not been recognised. We were not aware that the State Governments would have very serious reservations. All these were considered and put before the Committee in 1988. Subsequently, in 1988 a decision was taken at the level of the Minister that instead of a comprehensive

legislation we will concentrate on the major problem which is affecting the small scale sector and that is delayed payments. So a decision was taken that a legislation will be attempted to deal with this very important problem. We prepared a draft legislation and circulated it to all the Ministries. But the Law Ministry had very strong reservations about the legislation. They said that it may lead to unnecessary litigation. As soon as I took over, I went into this problem. I came to the conclusion that this delayed payment is the major problem. So I am tackling it on all the fronts. I am reviving the proposal of legislation. Secondly, I am tackling it from the administrative side. We are thinking over some sort of a system where banks take over their bills and the small units have some payments so that they can go ahead with their production. I have been assured by the Law Ministry that they will give full consideration to this. I crave your indulgence to grant me three months more time. During this period I will reach the decision one way or the other."

2.11 The Committee made the following observations in their Fifth Report presented on September 3, 1990:—

"Recalling the observations made in their earlier report presented to the House on May 10, 1988, the Committee express their deep concern and displeasure over the continuing inaction on the part of the Government. It is quite amazing that a proposal conceived almost two decades ago is still eluding a final decision. First, the Government thought, and that too seriously, to introduce a comprehensive legislation to give protection to the small scale industries. Then they vacillated. The latest thinking now in the Ministry is to bring forward a legislation limited only to a few problems being encountered by the small scale sector. Now that the new Government is in power and the importance of the role of the small scale sector in the national economy is recognised, the Committee expect that the whole proposal would receive consideration afresh and a final decision in the matter is taken in implementation of the long outstanding assurance."

2.12 The Committee on Government Assurances (1991-92) reviewed this assurance at their second sitting held on December 27, 1991 and decided to pursue the matter. The Committee decided to hear the views of the representatives of the Ministry.

2.13 The Committee note that the Ministry of Parliamentary Affairs have laid a statement on the Table of the Lok Sabha on February 26, 1992 and fulfilled the long pending assurance. The text of the implementation report is reproduced below:—

"The policy measures for promoting and strengthening Small, Tiny and Village enterprises announced in the Parliament on 6.8.91

envisages the enactment of Prompt Payments Act to protect the interests of Small Scale Industries against delayed payments against the supplies made by SSI units and also to introduce Limited Partnership Act to facilitate supply of risk capital to the Small Scale Sector by limiting the liability of the limited partner to the extent of capital employed by him. The Government is of the view that the above two Acts are sufficient to protect the interests of the Small Scale Industries."

2.14 The Committee take notice of the implementation report laid on the Table of the House by the Ministry of Parliamentary Affairs on 26.2.1992 but fail to appreciate the delay in introducing a Central legislation or a model legislation to be adopted by the States on the basis of the recommendation/observation made in the Eleventh Report of the Committee presented to Lok Sabha on May 10, 1988 to give protection to small scale industries.

2.15 The Committee are constrained to observe that the Ministry did not accord due importance and attention to the assurance given by the Minister in the House. The Committee would like to observe that before suggesting an assurance in reply of the Minister all considerations about the time, efforts and expenditure involved should be carefully weighed and once it is decided to give an assurance, necessary action with proper planning should be initiated promptly and pursued vigorously to ensure its speedy implementation.

2.16 The Committee will like to bring again to the notice of the Government that in reply to the question, they have admitted the hard fact that nearly six lakh units which are presently registered are likely to be benefited from this legislation. A solemn commitment was made to bring a comprehensive legislation for small scale industries. But later on the Ministry informed the Committee (1990-91) that the Government were thinking to take initiative to bring a legislation but could not do so due to certain reservations and desired to bring forward a legislation limited only to a few problems being encountered by the small scale sector.

2.17 The Committee are of the view that in the instant case the Government could have anticipated divergent views from the State Governments in the matter of enacting a Central legislation on Small Scale Units, as the subject matter primarily falls within the ambit of the State Governments.

2.18 The Committee deeply regret to note that the Ministry showed a casual and lax attitude in dealing with this assurance right from the very beginning. First, the Ministry sought extension of time by about one-and-a-half year on the ground that proposed draft is being prepared. Then the Ministry, instead of honouring the commitment, approached the Committee to drop the assurance. When the Committee insisted upon the assurance, the Ministry promised to bring forward a legislation limited only

to a few problems facing the small scale sector. In fact, the right course for the Ministry would have been to enact a legislation on small scale units on the points on which there was unanimity among the State Governments.

2.19 The Committee are of the opinion that the casualness in dealing with this assurance was apparently due to lack of proper appreciation of the importance of the task on the part of the officers concerned. The Committee recommend that the officers should be more vigilant in discharging their responsibilities towards Parliament and its Committees.

APPENDIX

(Vide Para 4 of the Introduction)

II

SECOND SITTING

The Committee met on Friday, December 27, 1991 from 15.00 hrs. to 16.30 hours.

PRESENT

Dr. Laxminarain Pandey—*Chairman*

2. Shri Sai Prathap Annayagari
3. Shri B. Devarajan
4. Shri B. K. Gudadinni
5. Shrimati Krishnandra Kaur (Deepa)
6. Shri Balin Kuli
7. Shri Manphool Singh
8. Shri Ajoy Mukhopadhyay
9. Shrimati Pratibha Devisingh Patil
10. Shri Shashi Prakash
11. Shri Naval Kishore Rai
12. Shri Chinmaya Nand Swami

SECRETARIAT

Shri R. C. Bhardwaj — *Joint Secretary*

Shri K. M. Mittal — *Under Secretary*

2. The Committee took up for consideration Memoranda Nos. 2 and 3 regarding review of pending assurances of Seventh and Eighth Lok Sabha respectively.

3. The Committee reviewed the following two pending assurances pertaining to the Seventh Lok Sabha and in view of the importance of their subject matter, decided to call the witnesses of Ministries of Communications and Industry to tender oral evidence before the Committee for not implementing the assurances which have been pending for a very long time:—

(1) Ministry of Communications

Assurance given on February 28, 1984 in reply to Starred Question No. 43 regarding National Communications Policy; and

(2) Ministry of Industry

Assurance given on April 11, 1984 in reply to Unstarred Question No. 7164 regarding legislation for small scale units.

7. The Committee decided to undertake on-the-spot study visit to Bombay, Cochin, Trivandrum and Madras w.e.f. 29th January, 1992 for a week or so.

8. The Committee also decided that the Chairman will finalise the assurances which are to be examined during the study tour of the Committee as well as the details of tour programme itself on obtaining the approval of Hon'ble Speaker.

10. The Committee further decided to have their next sitting on Monday, the January 20, 1992 at 14.30 hours.

The Committee then adjourned.

VI
SIXTH SITTING

The Committee met on Monday, March 16, 1992 from 15.15 hours. to 15.45 hours.

PRESENT

Dr. Laxminarain Pandey—*Chairman*

2. Shri B. K. Gudadinni
3. Shrimati Krishnandra Kaur (Deepa)
4. Shri Balin Kuli
5. Shri Ajoy Mukhopadhyay
6. Shri Shashi Prakash
7. Shri Gadam Ganga Reddy

SECRETARIAT

Shri R. C. Bhardwaj — *Additional Secretary*

Shri Murari Lal — *Director*

Shri Joginder Singh — *Deputy Secretary*

Shri K.K. Ganguly — *Under Secretary*

2. The Committee considered and adopted the Second Report of the Committee.

6. The Committee authorised the Hon'ble Chairman to present First and Second Reports to the House on 18th and 24th March, 1992 respectively.

7. The Committee further decided to hold their next sitting on April 9, 1992 at 15.30 hours.

The Committee then adjourned.