"That leave be granted to introduce a Bill further to amend the Requisitioning and Acquisition of Immovable Property Act, 1952."

The motion was adopted.

SHRI K. K. SHAH: I introduce the Bill.

15.00 Hrs.

MONOPOLIES AND RESTRICTIVE TRADE PRACTICES BILL—*contd.*

MR. DEPUTY SPEAKER: The House will now resume further discussion on the Monopolies and Trade Practices Bill moved by Shri Fakhruddin Ali Ahmed on the 10th December, 1969; the House will continue this discussion up to 3-30 P.M. At 3-30 P.M. we have got another item. Shri K. K. Chatterjee was in possession of the House. He may continue his speech.

SHRI KRISHNA KUMAR CHATTERJEE (Howrah): Mr. Deputy-Speaker, Sir, the architects of our Constitution were well aware of the potential danger to this country from the excessive concentration of wealth in a few hands. In Part IV of our Constitution, in the Chapter on the Directive Principals of State Policy it has been laid down as follows:

39. "The State shall, in particular, direct its policy towards securing—

* * * * * *

(b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;

(c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment."

In flagrant breach of those Directive Principles, our economic system was allowed to work in such a manner that an industrialist contributing only a small capital himself could obtain control of a number of big business houses. The snowballing process got strengthened as we proceeded. Sir, Professor Shenoy gave a very timely warning that the import restrictions and exchange control have created conditions of increasing the income of those beneficiaries of this control to the tune of Rs. 450 crores a year. Therefore the monopoly power has been given to a whole group of people in the country. If the intention of this Bill is to prevent monopoly and restrictive trade practices then the reliance on it, I am constrained to observe, is too feeble to be effective in that direction. If the Bill seeks to prevent concentration of wealth in a few hands, then, I must say, the equipments that have been provided will not serve the purpose, will be found to be inadequate as it is mainly defective. The provisions of this Bill will not attain the objectives for which this Bill has been brought forward before this House.

Even then, Sir, I support this Bill only because it cuts the ice, it repeats the wishes of this Government which, although moving very slowly, wants to remove the evils of two decades of our economic policy which has been pursued in this country. Considerable wealth was given to 75 families who have been utilising that wealth for the purpose of building their own strength in our political system. They have been trying to control the administrative machinery through their political agents. Therefore, it is our bounden duty that we should try to prevent that. Perhaps, Sir, by bringing in this Bill, Government is thinking of bringing in some other subsequent Bills so that they can put a stop to this kind of concentration of wealth on the one hand and to stop the monopoly and restrictive trade practices in totality, on the other hand. I think the failure in this regard is due to the fact that we are working on a mixed economy basis. Planned economic development and mixed economy go contrary to each other, and perhaps they frustrate each other. Therefore, Government should have a second thought on the question of using this mixed economy in its present form for developmental purposes. That has to be thought out. Otherwise, we shall come to a position where we shall see that all our attempts to prevent concentration of wealth in a few hands will be marred and our

[Shri Krishna Kumar Chatterjee]

attempt even to stop the restrictive trade practices will also not be successful.

We, therefore, feel that it is essential that Government should be given the opportunity to reorient their economic policy and programme so that we shall have to expand our public sector in spite of its shortfalls and we have to hand over the production and distribution system to the community for their benefit, and we shall have to take over the private enterprises through gigantic co-operative undertakings. By this process alone can we prevent the concentration of wealth in a few hands and we can also put a stop to the restrictive trade practices.

Very tauntingly we have been called the 'Indicate'. I accept it because we the Indicates in this House have to give hopeful indications of the dawn of a new era or a new vision and a new dynamism on the part of the Congress Party and that we have released ourselves from the corroding clutches of the Syndicate. We are valiant fighters trying to banish poverty and unemployment from this land; we have to banish from this land the evils and ills that have corroded the national life for the last twenty years, and we are trying to bring about plenty and plenitude for the down-trodden millions who are crushed under the wheels of the rich few who are trying to exploit them and would like to make them weep every moment of their lives. That is our duty, and we shall have to perform that duty from the Indicate section which has given that indication to the House.

SHRI INDRAJIT GUPTA (Alipore): I would like to state at the outset that to the extent that this Bill seeks to give statutory authority to the setting up of the Monopolies Commission as has been recommended by the Monopolies Inquiry Commission's report, and only to that extent, we support this Bill. But having said that much, I must make it clear on behalf of my party that we have no illusions whatsoever that the setting up of the Monopolies Commission and also the passing of this Bill will be an effective instrument in achieving the goal which the authors of this Bill seek to profess, namely the breaking up of monopolies or a ban on the expansion of these monopolies or the rooting out of these monopolies from our economic life. This Bill is useless from that point of view. It does not profess to go beyond the limited scope of setting up the Monopolies Commission.

Moreover, I would like to remind the House that the mere fact that the Bill seeks only to put certain restrictions on monopolies is a pre-supposition that monopolies will continue to exist. We are only seeking here to restrict them and their expansion and so on. That means that monopolies remain, and that means that the capitalist system of economy remains. So, there should be no attempt on the part of anybody who is in favour of the Bill or against it to make out that this Bill is a socialist measure. If that is a socialist measure, then countries like the USA or Britain or Japan would have become socialist long ago, because on the statute-books of these countries, there are the anti-trust and anti-monopolies Bills which are there for many years and which are much more stringent than any provisions in this Bill. Those laws had not prevented the monopolies from developing or from dominating their economies.

I say this because Shri Asoka Mehta while speaking the other day waxed very eloquent about what the Labour Government in Britain had done, and he was surprised that we were challenging the *bona fides* of the Labour Government in Britain as being a socialist government. He asked whether we thought that a socialist government like the Government of Britain would like to encourage monopolies. He wanted to say that in spite of that, because of the need today for large-scale production, in Britain we find big giants and big industrial giants merging with other, and this was what he was holding and extolling as a model for us. I would just like to remind him that in 1961 in Britain, 81 per cent of the privately-owned company shares were owned by only 1 per cent of the adult population. This is the result there of these mergers and these monopolies. As far as Italy is concerned, which also he held to us as a model,—of course, I have no time to go into the matter of the detailed figures—the most grinding poverty of the people exists in Itlay too. So, we are not concerned with that type of monopoly. Therefore, it is no use quoting Britain and Itlay and Japan. There are friends in this House who are very jealous at the way the giant monopolies and supergiant monopolies have developed in the West and they would like to imitate them. But after all, India is not Japan and India is not the USA or Britain. We are a poor under-developed country trying to stand on our own feet. Therefore, these people who are dreaming of becoming such big monopolists as those in America or Japan can also be only mini-monopolists and they cannot become monopolists like their counterparts in those countries.

We for our own purposes have indicated the definition of the term 'monopoly' in article 39 (c) of our Constitution in the Directive Principles. We have provided there that anything which comes in conflict with the principles stated therein namely that the economic system should not be allowed to develop in a way in which concentration of economic power takes place would be considered as a monopoly. From that we can derive our own definition of monopoly.

Shri M. R. Masani made the proposition that no monopoly existed in this country except Government monopoly. He did not mention his friends the Tatas or the Birlas of the Mafatlals or anybody else. But in terms of article 39 (c) of our Constitution, it is precisely these houses, these 75 houses, which are pinned down in the pages of the report of the Monopolies Inquiry Commission that stand in the way of the carrying out of these Directive Principles, and therefore, we are concerned about that.

When we come to the clauses, we shall move our concrete amendments. But at this stage, I would only like to say that this Bill is very unsatisfactory, in the sense that a large number of loopholes have been left here by which these big monopoly houses can manage to escape from the purview of this Act. I have no time to go into the details.

Take, for example, the definition of monopoly given here. It says that if the total assets of an undertaking amount to more than Rs. 20 crores, then it will come within the mischief of this Act. Even the Monopolies Inquiry Commission when they tabled these 75 houses, took as the starting point assets worth Rs. 5 crores, and that is how, 75 houses have been mentioned by them. But this Bill says that the total assets of a monopolistic undertaking would be more than Rs. 20 crores.

Then, there is the definition of dominant undertaking. That is also similarly faulty. There is a provision made that these companies can be allowed to expand up to 25 per cent. But it does not say whether this expansion can be carried out every year. There is no safeguard against 25 per cent expansion every year.

Then, there is a commission going to be set up. The recommendations of this commission have been divided into some which are mandatory and some which are non-mandatory. The complaints which are to come before this commission can come from various sources, but I regret to note that though consumers and traders have been recognised in the body of this Bill, the legitimate complainants have not been provided for, as for instance, the trade unions and organised associations of workers employed in the industries run by these monopoly houses. If they bring forward any complaints before the Monopolies Commission, there is no explicit provision made that their complaints will be entertained. Then, there are many other glaring defects. The one that I would like to point out now is where the question of inter-connected undertakings is taken up it visualises a common management under section 370 of the Companies Act. As the House is aware, already a decision has been taken that by April next year, the managing system is going to be abolished completely. Management under section 370 of the Companies Act means the managing agency system. Once that system is abolished, other devices will be found. They are already being worked out how the old management can be practised without a managing agency system. But this Bill provides no remedy for that. How they are going to plug these loopholes, I do not know.

Even as regards cost audit, which is being sought to be monopolised in this country. Government have taken a decision that 8 categories of industries will be subjected to cost audit. Even here—though

[Shri Indrajit Gupta]

this is not in the Bill—I would like to point to the Minister that bodies of chartered accountants who have long been in the service of these monopoly houses are claiming the right to be allowed to do cost audit as well. The same person will do finance audit as well as cost audit. This is another way by which monopoly seeks to enter into this field.

What I wish to say, in short, is that this is a hydra-headed monster. You cut off one head and another head grows—just like an octopus with several tentacles. Unless monopoly is fought all along the line by a comprehensive system of measures, such a Bill by itself—I say by itself—is going to be perfectly useless and innocuous; it cannot do anything.

I have got an example before me which I cannot help quoting. This is in reply to one of my questions tabled long long ago. They had said that the information was being collected. Now it has been sent to me. I had made a charge that the Birlas who have been given a licence to start an alloy steel plant in Bihar have been trying to get permission from Government that their jute manufacturing company in Calcutta should be given the permission to take over this alloy steel plant and run it under its own signboard as one of its divisions. Can you imagine it? Yet it is there. The Birla Jute Company will run the alloy steel plant in Bihar as one of its divisions. I had asked this question and I got a reply only a few days ago. The answer is:

> "Yes, the application of the Birla Jute Company to put up an alloy steel plant is under consideration in the Ministry of Steel and Heavy Engineering".

Their attempt to create a monopoly through this kind of thing is going on. The alloy steel plant will be put under the signboard of the Birla Jute Mills.

When you raise here the question of the jute industry, we are told that the industry is in a terrible financial difficulty, it must be given some relief. But here they are setting up a company in this manner.

I could give hundreds of instances. Today's papers say that 27 new licences have been given to the Birlas in the period since Shri R. K. Hazari published his report two years ago. That is, even in this period, 27 licences have been issued to the House of Birlas. I am glad that Shri Hazari has taken over as Deputy Governor of the Reserve Bank. I expect there will be some change now and that some new steps will be taken by which a ban will be put at least for the time being, until the position is understood—some ban on expansion and on new licences to Birlas of the type I have mentioned.

Another point I would like to make concerns two things with which this Bill was not concerned. It was drafted long ago. Then it was debated in the other House and now it has come here. In the light of two recent events, the Bill, in a sense as an anti-monopoly measure has already become outdated and outmoded. Since this Bill was drafted, two big events have taken place. One is the nationalisation of 14 commercial banks and the second is that we have now before us what we did not have then, the report of the Industrial Licensing Policy Inquiry Committee or the Dutt Committee. I say that in the light of these two measures, if the Government are serious about really fighting monopoly, this Bill should be recognised as woefully inadequate, and a set of totally comprehensive measures must be brought forward. The Dutt Committee throws a flood of light on things which we have all along been alleging in this House, namely, that these monopolies have grown mainly due to the assistance they have received from the public sector—finance institutions of this country. Shri Asoka Mehta was very silent about this. He does not tell you how monopolies developed in the west where people put their own money into it. But here these people are boasting like anything about the great services they have done to the country. But the money comes from where? From the LIC, IFC, IDB, UTI and ICICI. Money from these sources has gone to build up these monopolies. Therefore, do we not need a change in policy now?

Then they have shouted about delicensing, that industries must be delicensed to allow production to grow. This report shows, for example, that in two industries, cement and paper, delicensing was done under pressure of these monopolies and then production has not up but has gone down. This report shows us that due to delicensing, in the sewing machine industry, where there are very good units of our own in this country, the moment it was de-licensed, the Singer Sewing Co., of America was able to come in and try to threaten our indigenous industry. These are the things that are happening. Will they not be taken into account when working out real and serious antimonopoly measures?

And the most chronic thing of all is this. Of course, we know that in the Licensing Department there are such officials and bureaucrats sitting there who over the years have developed some type of vested interest in this collaboration with this big business, and no guidelines were ever given to them. The Dutt Committee says that no policy directions were given to them, no priorities were laid down. These bureaucrats and officials were left to themselves to decide to whom to give licences and to whom to deny them, with the result that this lopsided growth has taken place.

The most alarming thing of all is that even in the Planning Commission, which is the supreme body entrusted with the task of planning in this country, I do not know if all the Members are involved, but some of them at least have come forward publicly to ridicule and denounce the recommendations of the Dutt Committee, and they have said that they are not concerned, they would prefer to ignore these recommendations.

The Dutt Committee made a recommendation that because our foreign exchange resources are in a crisis, in the field of non-essential industries, meaning luxury goods industries, for some time at least there should be a ban on the expansion of capacity. The Dutt Committee made a good recommendation I think, and nothing very radical also, but the Planning Commission has said that it is totally opposed to this.

The Dutt Committee made a recommendation that big houses should be restricted to what they called the core sector so that the other sectors can be left to small entrepreneurs and new businessmen at least to get a chance to come in. The Planning Commission, of all people, says that it is against this. Just see how far the rot has gone. It is not only some bureaucrats and officials, even in the very heart of this Planning Commission people are sitting, to whom this country has entrusted its planning processes, who are opposing the very mildest of recommendations which are put forward to curb the expansion of these top houses into every aspect of our economic life.

Then about the banks, I would only say that I have got some Reserve Bank figures here of December, 1968, which show that 23.4 per cent of all loans and advances from the banks have gone to only 437 accounts of Rs. 1 crore or over Rs. 1 crore. Now that the banks have been nationalised, will the Government please make an analysis company-wise of these outstanding bank loans and advances and tell us what they propose to do because is this or is this not acting as a factor which promotes monopoly for speculative purposes, for getting credit and using it for purely speculative purposes, cornering of shares, grabbing by one concern of ten other concerns, depressing agricultural prices and so on?

I want to conclude by asking the Government a few questions. The first question is this. Will you please man your Planning Commission or nationalised banks or licensing authorities by persons who really have some genuine social commitment and faith in the ideals of socialism and the philosophy of the public sector? It is not enough just to mouth these phrases because I found that even the Associated Chambers of Commerce holding its golden jubilee session here was talking about socialism.

Will you completely overhaul the outdated Industrial Policy Resolution to bring about a qualitative shift in the balance between the public and private sectors? The static idea that we have got a mixed economy, peaceful co-existence between the two sectors for all time to come, must go in the light of the Dutt Committee's Report.

Thirdly, will you ban the entry of foreign capital at least where it is not very necessary for technical purposes, at least into certain fields where it is coming? It is coming into cosmetics, into biscuits, into ink, into women's brassiers, into pencils, into ice-cream; they have even started making tinned *gulab jamun* and *vadas*.

Foreign monopoly concerns are being allowed more facilities : tell us why. My fourth question is : will they publish a study concern-wise, industry-wise, of the outstanding banking loans and advances which are pending, and will they formulate a new banking policy as soon as possible ? Fifthly, will you provide for conversion of loans taken by private firms from public institutions—outstanding loans—to be converted into equity ? Sixthly, will you devise a new licensing policy which will really help small entrepreneurs and ban further licences to the Birla group and such other big groups ? Seventhly, will you set up an industrial and commercial intelligence system ? We have not got a modern intelligence system in the field of industry and commerce, without which it is impossible to find out what is going on. And, lastly, will you please expedite, and tell us why you are not expediting, the promised enquiry into the Birla firms, into the complaints which have been brought forward in the affairs of Birlas ?

Unless these things are done, the passing of this Bill by itself, I am afraid—though it is a little step which we welcome—is nothing. It is woefully inadequate and unsatisfactory.

SHRI VIKRAM CHAND MAHAJAN (Chamba) : Sir, there is no dispute that inequalities have increased and there is great disparity in the different sections of society, and there has been economic concentration in a few hands. There can be no dispute also that certain strong measures are needed to meet the challenge, to see that inequalities are reduced and that disparities are reduced, and there is no economic concentration in a few hands. The question before the House is, does this Bill meet the need of the nation, that is, the need to do away with economic concentration and the need to devise ways and means by which we can do away with economic concentration in a few hands ?

Such Bills have been also enacted in capitalist societies like America. We have a Bill called Anti-trust law in America; and similarly we have an anti-monopoly law in Great Britain. Similarly, we have got a measure in Italy. But the question is, does the present Bill so far as our conditions in our country are concerned, meet the need ?

Take, for example, a few items. I will give an example, to show how a monopoly grows in our country. In our State, we were asking for two or three rice mills. We do not want any machinery from outside; it is purely an indigenous trade. We do not want any capital from outside. But the Government of India declined to allow the installation of more than one rice mill in that State. Therefore, automatically that rice mill got a monopoly in the State of Himachal Pradesh. Similarly, they have limited it to two or three rice mills in Punjab. Similarly again they have done so in every other State. The question is, how will you curb this monopoly ? This is the monopoly which grows, not because the circumstances are there which enable them to grow, but because we follow a policy which enables the growth of the monopoly. If you delicence the system, that, is if you everyone was allowed to put up a rice mill, there would have been no monopoly even in this minor industry the industry called the rice mill industry. This is how monopoly grows.

MR. DEPUTY-SPEAKER : Mr. Mahajan will continue his speech on the next occasion. We now take up the motion by Shri K. N. Pandey.

15.29 Hrs.

DISCUSSION *RE*. SUGAR POLICY

MR. DEPUTY-SPEAKER : In order to guide Members in their speeches, I would like to say that the time that has been distributed is as follows : Congress (O), 12 minutes; Swatantra, eight minutes; Jan Sangh, six minutes; DMK, six minutes; CPI, six minutes; CPI(M), four minutes; SSP, four minutes; PSP, four minutes. UIPG, four minutes; BKD, two minutes; Unattached, six minutes. Congress, that is, Government, 44 minutes.

SHRI M. N. REDDY (Nizamabad) : The same matter was discussed in the Rajya Sabha for 4½ hours. It is an important subject. It is an economic issue to be discussed thoroughly. You will not be doing justice to the subject if you just give 3 or 4 minutes. The time should be extended. If necessary, we can sit late.

SHRI SEZHIYAN (Kumbakonam) : There are two discussions. One is on sugar policy. The other is one the fall in prices