

Notes for discussion with the Monopolies Commission

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Swatantra Party approach

Statement of Policy, March 19 and 20, 1960 :

"The Party believes that the free choice of the producer, the investor, the worker and the consumer must be given due place and importance. The Party believes in the incentives for higher production and expansion inherent in competitive enterprise, with adequate safeguards for the protection of labour and against unreasonable profits, prices and dividends in those cases where is no competition or where competition is not adequate to secure the necessary corrective." (p.20) /there

"Wherever the State enters the field of industry or business, the Swatantra Party is of the view that it should not be given a monopolistic position but should show results facing competition on equal terms." (p.21)

German Socialists:

"The Party is gratified to note in the new German Socialist Manifesto the following echo of its own thinking: "Free choice of consumer goods and services, free choice of working place, freedom for employers to exercise their initiative and free competition are essential conditions of a Social Democratic economic policy. The autonomy of trade unions and employers associations in collective bargaining is an important feature of a free society. Totalitarian control of the economy destroys freedom. The Social Democratic Party therefore favours a free market wherever free competition really exists. Where a market is dominated by individuals or groups, however, all manner of steps must be taken to protect freedom in the economic sphere. As much competition as possible -- as much planning as necessary." (p.22)

Election Manifesto, 1967

"The Swatantra Party is opposed to all monopoly, whether in the State or free sector, and will seek to re-establish competition, wherever possible, for the benefit of the consumer. Monopolies, where tolerated, will be subject to essential control.

"Where, owing to temporary scarcity of certain vital resources, regulation becomes inevitable, there should be a quasi-judicial authority to indicate the necessary priorities and allocations."

(p.12)

in February 1964

Resolution of Third National Convention, ~~Agre~~, Bangalore / for the establishment of an independent, non-political board for licences and permits :

"The National Convention of the Swatantra Party records its conviction that, apart from many other grave issues, the confidence of the people in the administration cannot be secured and maintained unless the supreme control of the distribution of licences, permits and quotas in exercise of powers obtained in violation of the Fundamental Rights guaranteed in Part III of the original Constitution adopted in November 1949 is vested in an independent, non-political statutory Board free from all influences and political pressures and enjoying the same independent status as the supreme judiciary."

Swatantra Party, therefore, opposed to Monopoly both in State and free sector

For maximum competition as main corrective

For minimum social control but free from political government of the day

These views placed before Das Gupta Commission on behalf of the Party in November 1964

Present Bill against this background :

1. Poorly drafted

Will caused uncertainty and needless litigation

2. Entirely different from draft Bill suggested by Monopolies Commission

Swatantra Party opposed to this Bill

Quote Resolution of CPB of January 27, 1968 :

"The Swatantra Party has always been opposed to monopoly, whether in the State or the private sector, and would welcome the introduction of genuine and reasonable anti-monopoly legislation which would seek to prevent those concerned from exploiting a monopolistic situation. The Central Parliamentary Board of the Swatantra Party having examined the Monopoly and Restrictive Trade Prices Bill now before Parliament is alarmed at finding that the provisions of the Bill have to a large extent little to do with combating monopolies but are so designed as to give Government all manner of arbitrary authority over all industrial and trading concerns regardless of whether or not they are monopolies. The Bill bears little resemblance to the draft legislation recommended by the Das Gupta Commission on Monopolies. If enacted in its present form, the Bill would prevent this country from enjoying the benefits of technological progress and economies of size on the one hand, and would place everyone engaged in industry, trade or services at the mercy of the politician or bureaucrat to whose arbitrary whims and fancies the Bill provides neither a judicial or any other check. The Board, therefore, calls upon the Swatantra Members of Parliament to fight this pernicious Bill, while making it clear that the Party stands for opposition to monopoly in whatever sector it may raise its head."

Spell out Objections

1. Exclusion of State enterprises

These the only Monopolies in India today - no other

Monopoly situation may exist but not Monopoly power

Give details

(Tata Memorandum pages 19, 20 and 23)

Govt. Monopolies also more dangerous because of combination of economic and police power and the absence of a Court of Appeal

Bill should either include State enterprises or be dropped

2. Proposed Permanent Monopolies Commission should be altogether independent of Government and supreme in its sphere

Not merely an ~~advisory~~ advisory body as at present

3. Appeal to the Supreme Court from all decisions under this legislation should be wide and unfettered

4. Chapter III on Concentration of economic power should be deleted altogether

This altogether irrelevant to the subject of monopoly

Monopoly and size are two entirely different things

In India, thanks to crude Marxist propaganda indulged in by Pandit Nehru and others, popular mind confused

First became aware of it ~~when~~ as Chairman of RTRC appointed by Govt.

In Madras, many witnesses, both official and non-official, kept on referring to T.V.S. and Southern Roadways as a Monopoly

When questioned, however, they all admitted that there were other operators too competing with Southern Roadways' trucks on roads

When asked why they call it a monopoly, they said it was big

This confusion at the root of this Bill.

Monopoly is the absence of competition and has no relation to size

A small enterprise may be a monopoly

A big corporation like General Motors in America with other big firms competing against is not a monopoly

The only concentration of power today in Govt

Politicians and Bureaucrats

c.f. Dhillon's New Class

Refer Time for a Change (page 4) and Budget and You

Secondly, this Chapter is restrictive, retrogressive and would hamper progress

Govt. themselves earlier seemed to appreciate need for well-established enterprises with popular credit to enter new fields of endeavour otherwise neglected

e.g. Tatas and Lakme'

Tata Memorandum p. 27

Correspondence between C.C.Desai and Tatas

Economies of scale are important and should be encouraged

This Chapter would retard India's economic advance

Compare attitude of other governments

e.g. British Labour Government (Tata Memorandum p. 6 to 8

Japan p 3 to 5

Europe p.6

Along with elimination of the Chapter should also go the entire concept of inter-connected undertakings

Once this legislation on the Statute Book, present system of licensing and control should be wound up and the therapeutic effect of competition allowed to show itself

Today industrial development hamstrung by a mass of controls embodied in

The Capital Issues (Control) Act, 1947
The Imports and Exports (Control) Act, 1947
The Foreign Exchange Regulation Act, 1947
The Industries (Development and Regulation) Act, 1951
The Tariff Commission Act, 1951
The Essential Commodities Act, 1955 and
The Companies Act, 1956.

The exercise of power under these Acts should be suspended, since there were only an alternative to anti-Monopoly legislation.

In fact, they have crippled private enterprise, widened economic and social inequalities and retarded industrial development and progress.