

श्री ब० रा० भगत : यह तो भ्रमल भ्रमल शकीर्षों का सवाल है । उन पर जरूर विचार क्या जायेगा ।

श्री हलधीत सिंह : जो डैम और प्राजेक्ट मुकम्मल हो गए हैं, जैसे भाकड़ा डैम, वहां लोग बेकार हो गए हैं । क्या उस बेकार को दूर करने के लिए कोई विचार किया जा रहा है ?

श्री ब० रा० भगत : जो दूसरे प्राजेक्ट्स बनते हैं, उन में उन लोगों को लगाने की कोशिश की जाती है या दूसरा काम देने की कोशिश की जाती है ।

श्री हुकम चन्द कछवाय : तब तक वे बेचारे क्या करेंगे ?

Shri Ranga: Is it not a fact that Government have not inaugurated or instituted any special schemes to provide employment to agricultural labour as such and that the under-employment from which they have been suffering has yet to be tackled?

Shri B. R. Bhagat: All these are very big problems and the hon. Member will realise that they cannot be tackled during the course of one Plan period. It has to be a programme over a period. We have been trying to tackle the problem in the Third Plan and in the Fourth Plan we are undertaking various schemes so as to provide more employment in areas where the incidence of unemployment is more due to concentration of population. We are also developing rural works and other schemes so as to provide more employment in the rural areas.

श्री भागवत झा साहब : तृतीय पंच-वर्षीय योजना के अन्तिम वर्ष में यह स्पष्ट हो गया है कि हर योजना में बेरोजगारों की संख्या बढ़ती जा रही है । क्या चौथी पंच-वर्षीय योजना में बाजार में धाने वाले 230 लाख आदिमियों का

इन्तजाम होगा या 130 लाख लोगों का जो बेकलाग हैं, उस का भी इन्तजाम होगा होगा तो विकास योजनाओं और मार्गदर्शी सिद्धान्तों की किन बातों पर विचार किया जायेगा ?

श्री ब० रा० भगत : कोशिश यह की जा रही है कि चौथी योजना जो नई लेबर फोर्स है यानी 230 लाख जो अभी माननीय सदस्य ने बताया है, उनको पूरा का पूरा काम मिल जाए कम से कम इतना हो जाए । उसके बाद और पीछे जो लोग बचे हैं उनको भी जहां तक सम्भव हो काम मिल जाए ।

Foreign Capital

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Shri D. C. Sharma:

Shri P. C. Borooah:

Shri Sidheshwar Prasad:

Shri Yashpal Singh:

Shri P. R. Chakraverti:

Shrimati Renuka

Barkataki:

Shri D. B. Raju:

Shri Kolla Venkaiah:

Shri M. N. Swamy:

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Shri Harish Chandra Mathu

Shrimati Renuka Ray:

Shrimati Savitri Nigam:

Shri Indrajit Gupta:

Shri Daji:

Dr. Ramen Sen:

Shri Dhan Bhattacharyya:

Shri Bishwanath Roy:

Shri Brajeshwar Prasad:

Shri M. L. Dwivedi:

Shri S. C. Samanta:

Shrimati Ramdulari Sinha:

Will the Minister of Finance be pleased to state:

(a) whether the question of giving incentives to bring about increased equity participation by foreign capital has been considered; and

(b) if so, the outcome thereof?

The Minister of Planning (Shri B. R. Bhagat): (a) and (b). Some incentives were being given all these years to capital investment which applied to

indigenous as well as to foreign capital and these together with certain additional incentives proposed in the Finance Bill, 1965 are listed in the statement placed on the Table of the House. [Placed in Library. See No. LT-3966/65].

Shri D. C. Sharma: May I know why it is that in spite of the incentives which our Government have been giving, the capital market, as described in financial papers or other Dailies and Weeklies, continues to be capital-shy?

The Minister of Finance (Shri T. T. Krishnamachari): The reasons for this are rather very deep. There has undoubtedly been a shift in the amount that people have for investment. It is also true that the classes which have been accustomed to invest in small measure probably do not have the money for purposes of investment. Also, the classes which have more money are not investing because they are not being approached. It is very difficult to pinpoint any particular factor as being something which contributes to the fact that flotations are not subscribed for freely.

There is another factor also, namely that people are not prepared to wait for a long time for a return on their investment.

Taking all these things into consideration, certain incentives have been provided by Government. One has to wait and see what will happen. But basically, my view is—and it is a purely personal view—that an approach to areas where there is capital for investment is not being made, and people who want capital or the brokers who raise capital stick to major cities and do not go out to the rural areas.

Shri Ranga: Where is the money in the rural areas?

Shri D. C. Sharma: To have foreign capital in a country is playing with fire, as has been the experience of the African, Latin American and other countries of the world. And those countries are trying to get rid of the foreign capital by measures of expro-

priation and other things. May I know what guarantee Government are going to have that the foreign capital does not have any political repercussions on our democratic structure in this country?

Shri T. T. Krishnamachari: The same conditions that we have in regard to curbing political influence of indigenous capital.

Shri P. C. Borooah: May I know whether some special concessions which are not given to Indian entrepreneurs are proposed to be given to the foreign investors, and if so, what those concessions are, and to which investments these concessions will be extended?

Shri T. T. Krishnamachari: The concessions generally are common excepting for the fact that we allow foreign capital to be repatriated, and also the dividends. Another set of concessions which are being given in collaboration with the countries from which capital is imported is that the Governments of those countries—two of them particularly, the United States Government and the Government of West Germany—have insured those companies which bring capital into India, against possible loss.

Shri P. C. Borooah: Will there be a tax holiday?

Shri T. T. Krishnamachari: The tax holiday is common to everybody.

श्री सिद्धेश्वर प्रसाद: अभी माननीय वित्त मंत्री महोदय ने बताया है कि जिन क्षेत्रों से पूँजी प्राप्त हो सकती है उन क्षेत्रों से पूँजी इसलिए प्राप्त नहीं हो सकी है उन से उचित सम्पर्क स्थापित नहीं किया जा सका है। मैं जानना चाहता हूँ कि उन क्षेत्रों से पूँजी प्राप्त करने के लिए वित्त मंत्री भविष्य में किस तरह सम्पर्क स्थापित करने की सोच रहे हैं, कौन से कदम उठाने जा रहे हैं?

Shri T. T. Krishnamachari: A Minister of the Government of India is not an agent of any particular group of people who want to raise capital. Private capital has got to be secured by private people and they have got to canvass for it; it is not

possible to expect a Minister or anybody else here to go and do the canvassing for them.

श्री यशपाल सिंह : क्या सरकार आश्वासन दिला सकती है कि अधिकतम शेयर भारतीय होंगे ।

श्री ब० रा० भगत : अभी तक तो यह है कि जिन में बाहर से हम शेयर लेते हैं उन में ज्यादातर भारत ही होते हैं

Shri P. B. Chakraverti: Has Government examined the basic question whether increasing equity participation of foreign capital is desirable or loan from foreign countries is preferable to the former in the interest of the country?

Shri T. T. Krishnamachari: The difference between loan and capital is this. Loan is something which has to be returned fairly early and the people who put the money in it are not really interested in anything else. Capital is a thing which generally stays, and even though we allow terms for repatriation, it is very rarely that capital is repatriated, and they plough in their profits oftentimes, as companies have done in India. From a long-term point of view, as between loan and capital, capital is preferable; but it is a matter of individual judgment.

Shri Harish Chandra Mathur: What is the hon. Finance Minister's vision of the capital he wants to invite? What will satisfy him in the present state of our economy, and what, he thinks, is not likely to distort the state of affairs here?

Shri T. T. Krishnamachari: This raises a very big question. According to our Fourth Plan projections of estimates, we need a little more of foreign assistance not only for the purpose of establishing new industries but also for the purpose of paying back the monies due. The question is whether this should be available in the form in which it has been

coming, whether something should not be added to it by way of foreign private capital investment. But then the hon. Member should also be aware that we are not the only country wanting foreign private capital. There are very many other countries, Canada, Australia, Brazil, not to speak of some of the European Common Market countries and the countries in Africa. These are there. So it is very difficult to say how much of it will be coming.

The real point about it is this. If capital comes on our terms—and those terms are very clear—it is welcome; if capital will only come on their terms, I am afraid we will say we do not want it. I will make it very categorical that while India needs foreign assistance and foreign capital, she is not prepared to take it on other people's terms.

Shri Ranga: Let us not try to be brave!

Shri T. T. Krishnamachari: May be. I am sorry. We are both of the same age; but we have been born differently. My hon. friend does not want to be brave. I do want to be brave because I think all my friends here are brave.

Shri Ranga: You are very brave indeed!

Shri T. T. Krishnamachari: Therefore, while we give every possible concession to foreign capital consistent with our self-respect, we are not taking it on terms not acceptable to us.

The hon. Member might ask: 'what is your estimate?' I cannot say. We are having it in a trickle. Another factor we have to take into account is that not only are we suffering from difficulties in foreign exchange; many countries are suffering from difficulties in balance of payments.

The United Kingdom, for instance, even the United States. They are putting restrictions on foreign lending and foreign investment. The climate at the moment may not be very good

but things do change. Therefore, we take a long-range view of things and make our preparations subject to our principles and our self-respect.

Shri Ranga: The Finance Ministers also must change.

Shrimati Renuka Ray: Is the Government aware that some of these concessions which are meant to encourage foreign investment in the equity capital of Indian companies had led to some mal practices by which the high-ups in some of these companies seem to have swelled their bank accounts abroad and, if so, is Government taking any steps about plugging these loopholes by which unaccounted money in foreign exchange is being acquired.

Shri T. T. Krishnamachari: The concessions have not given rise to any abuses.

Shrimati Savitri Nigam: May I know whether the foreign investors find it rather difficult to make investments because the scope of the existing exemption is limited only to priority industries?

Shri T. T. Krishnamachari: That is so, Generally priority industries which we want to establish are industries which we try to encourage, and if foreign capital is needed for that purpose, foreign capital is encouraged to come in.

Shri H. N. Mukerjee: From the point of view of the independence of our economy and at a time when foreign capital is being shoed out in most underdeveloped countries which have got a policy of some kind of socialism.

Shri Ranga: Question.

Shri H. N. Mukerjee: . . . the policy of this country had been to prefer foreign loans as a lesser evil to foreign private capital. Do I take it that the Finance Minister in his individual judgment, to which he referred several times in his reply, has given a new shift to Government policy? Or, is it that the Government has made up its mind about giv-

ing a welcome to foreign private capital which, experience shows, is very dangerous to us?

Shri Ranga: Question.

Shri T. T. Krishnamachari: The hon. Member is trying to put words in my mouth. At any rate, merely because of the fact of being old, I am not quite so easily caught. The position is really this. We have been asking for foreign loans. We feel that the quantum of foreign loans may not be adequate; maybe the conditions of these loans are particularly acceptable to us, partly because of the terms, partly because of the repayment conditions. So, we would like a sort of top dressing of foreign capital if it comes because it has certain advantages, a sort of a linking of a particular foreign capitalist with an institution here, and make him develop the institution. There are various other factors also such as the question of postponement in regard to repatriation. But one factor which I would like the hon. Members to understand is this whatever foreign capital comes, it is not coming in as a flood, it is coming in only as top dressing; it is never likely to come in as a flood. Therefore, all this bogey of foreign capital coming here and the Government yielding to the persistent demands of foreign capitalists, I am afraid, is somewhat outside the mark.

Shri Indrajit Gupta: The hon. Minister has just said that foreign private capital participation in equity capital will be acceptable only on our terms and conditions and not on terms dictated by anyone else. May I know from him how this very welcome assurance will operate in the case of West German private capital participation which, as we can see from examples of the other countries, certainly dictates its own terms in respect of the relations of the receiving countries with the other German Government, of East Germany, and any assistance that may be coming from there?

Shri T. T. Krishnamachari: My hon. friend is trying to mix up the two issues. One is coming in of capital from West Germany. The other thing is mixing up of their own particular proclivities in regard to the relationship with their neighbour country, which was part of their own territory. I am afraid these are completely distinct issues. If West German capital comes in here, it comes, as I said, on terms acceptable to us, but if the condition is going to be something else, those conditions have to be determined by other circumstances, not by the question of capital coming in.

Shri Bishwanath Roy: In view of the industrial policy of the Government, may I know whether, as a result of the incentives proposed or given to the foreign capital, the Indian economy would be affected adversely in course of time?

Shri T. T. Krishnamachari: I would like to assure the hon. Members that nothing will be done, whether by means of allowing foreign capital to come in or by encouraging Indian capital to invest, which will ultimately affect either the economy of this country or the balance of political power that exists in the country.

Shri R. S. Pandey: Is it not true that many foreign investors are willing to come on the condition of equity participation, but that at the same time they have complaints against delay and lack of favourable conditions in this country? May I know where the Government stands?

Shri T. T. Krishnamachari: That people complain of delay is a thing which is known, it is a thing which I am cognizant of. We are trying to remedy the position. But the question of favourable conditions is something which I am not able to understand, because things change from concern to concern. All that we can do is this, we can hold the carrot, but I have no influence to make the donkey take it.

Shri D. C. Sharma: I do not know if foreign countries would like it.

Fourth Plan

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Shri P. C. Borooah:
Shri Yashpal Singh:
Shri M. L. Dwivedi:
Shri Bhagwat Jha Azad:
Shri Prakash Vir Shastri:
Shri Jagdev Singh

Siddhanti:

Shri S. C. Samanta:
Shri R. S. Tiwary:
Shrimati Savitri Nigam:
Shri Sidheshwar Prasad:
Shri J. B. S. Bist:
Shri D. N. Tiwary:
Shri Harish Chandra

Mathur:

Shri Sivamurthi Swamy:

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Shri Hukam Chand

Kachhavaitya:

Shri Onkar Lal Berwa:
Shri Hem Raj:
Shri Vidya Charan Shukla:
Shri Bibhuti Mishra:
Shri Man Sinh P. Patel:
Shrimati Renuka Ray:
Shri R. S. Pandey:
Shri P. Venkatasubbaiah:
Shri K. C. Pant:
Shrimati Ramdulari Sinha:
Shri P. K. Deo:
Shri Kapur Singh:
Shri Narasimha Reddy:
Shri R. Barua:
Shri L. N. Bhanja Deo:
Shri D. C. Sharma:

Will the Minister of Planning be pleased to state:

(a) whether the Planning Commission have re-examined the Fourth Five Year Plan allocations in the light of the recent discussions of the National Development Council on the Plan proposals; and

(b) if so, decisions taken in this regard?

The Minister of Planning (Shri B. R. Bhagat): (a) and (b). The National Development Council having generally endorsed the proposals of the Planning Commission regarding the size and objectives of the Fourth Plan, constituted five committees to advise on policy issues concerning the