

Burma should give them greater opportunities. Anyhow, we have not heard anything about that.

**Shri Hem Barua:** May I know the source through which it was located that the Naga hostiles had their headquarters for some time in Burmese territory? Was it through our agency or was it some hearsay?

**Shri Jawaharlal Nehru:** No, it is not hearsay. Our border officials met sometimes the Burmese border officials. They discuss the situation. Each supplements the other's information.

**Shri Hem Barua:** May I know whether our Government got this bit of information about the Naga hostiles functioning from the Burmese territory prior to Mr. Gavin Young's visit to the Burmese territory where our airmen were temporarily located, or after that?

**Shri Jawaharlal Nehru:** I do not remember when Mr. Gavin Young went there and said something about them, but I think our information was before Mr. Gavin Young went there.

**Shri Hem Barua:** May I know whether the Naga hostiles who have been operating from Burmese territory have succeeded in collecting the arms and ammunition locally there, and whether the Government have any information about that?

**Mr. Speaker:** Gathered from Burma?

**Shri Hem Barua.** Yes.

**Shri Jawaharlal Nehru:** We have no information about that.

#### European Common Market

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\*240. { **Shri Indrajit Gupta:**  
**Shri Morarka:**

Will the Minister of Commerce and Industry be pleased to state the progress made in securing safeguards for Indian exports consequent upon Britain's negotiations for entry into the European Common Market?

**The Minister of Commerce (Shri Kanungo):** The question is under negotiation between the United Kingdom and the European Economic Community. The negotiations being confidential no statement can be made at this stage about their progress.

**Shri Indrajit Gupta:** May I know whether it is a fact—it is widely reported in the press—that the Government of the United Kingdom has made it clear that the pre-condition for joining the ECM is that there should be a common, external tariff operating in the case of countries which are not members of the ECM and, if that is so, does it not automatically mean that India's existing rights in the British market would be very seriously affected?

**Shri Kanungo:** The latest position is this. All that we can judge is the statement by Mr. Heath on 10th October, 1961, wherein he has stated that while carrying on negotiations they will bear in mind the established interests of the commonwealth countries in the United Kingdom market.

**Shri Indrajit Gupta:** May I know whether it is a fact that in the case of commonwealth countries which may be exporting the same commodity to the British market, the present equality of treatment given in respect of all those countries will be respected?

**Shri Kanungo:** We do not know yet the first thing—namely, under what conditions the United Kingdom would join the common market. It is quite conceivable that the whole range of tariff of the ECM will apply to all countries and the United Kingdom also. I think it is conceivable. But we do not know anything about it, because negotiations are still continuing, and the newspapers report that it will take a few months more to come to a stage where it can be considered specifically.

**The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru):** It is not entirely in the hands of the United Kingdom. They themselves are dealing with the European common market people who lay down their own conditions. The United Kingdom Government may refuse to accept those conditions and not join the market. If they join it, it will be a matter of compromise between what the other people say and what they say.

**Shri Hem Barua:** May I know whether Government are aware of the fact that the 16-nation council of Europe has recently published a studied report in which it has been suggested that these commonwealth countries must be associated with an enlarged common market or allow free entry of goods to Britain as regulated by special protocol and, if so, may I know whether Government have assessed the reactions of Britain towards these proposals?

**Shri Kanungo:** I do not know what the statement is, to which the hon. Member is referring. The Rome treaty is the basic document on which we have to assess the actions of the ECM.

**Shri Hem Barua:** May I submit . . .

**Mr. Speaker:** The question has been asked whether our country will be an associate member and so on, and that has been answered.

**Shri Hem Barua:** My question is different.

**Mr. Speaker:** I will come to him. Shri Tyagi.

**Shri Tyagi:** Have the Government of the United Kingdom shown any inclination to consult or take into confidence all the other commonwealth countries who are not members of this NATO pact?

**Shri Jawaharlal Nehru:** Of course there have been repeated references and consultations, etc., but all these consultations ultimately amount to

this: the United Kingdom Government say that they will try their utmost to safeguard the interests of the commonwealth countries, but to what extent they may be able to do so, it remains to be seen.

**Shri Hem Barua:** My information is this. It was reported in the newspapers the day before yesterday that the 16-nation council of Europe studied this problem and they have submitted a report. In that report, they have made some specific suggestions: one is, the association of the commonwealth countries with an enlarged commonwealth; the second is, continued free entry of exports into Britain as regulated by a special protocol; and the third is, a settlement on a product-by-product basis. These are the suggestions made by the council in the report. I just want to know whether that has been studied by us and whether the reactions of Britain to these recommendations are being ascertained by our Government.

**Shri Kanungo:** The European common market consists of six countries only.

**Shri Hem Barua:** I know it; am I a fool?

**Shri Jawaharlal Nehru:** The hon. Member is exaggerating this.

**Shri Hem Barua:** I put a specific question and wanted to know the answer. I know there are six members. I cannot understand why the hon. Minister should say it. This shows that the Government have not known the most recent facts.

**Mr. Speaker:** All that the hon. Member wants to know is whether it has come to the notice of the Government that a 16-nation council made certain recommendations. There are six nations concerned in this matter. I do not know which the other ten nations are which are parties to this.

**Shri Hem Barua:** It is a 16-nation European Council.

**Mr. Speaker:** Very well; is the Government aware of it?

**Shri Kanungo:** I am not aware of any meeting of the 16-nation council of Europe.

**Shri Hem Barua:** I would refer the hon. Minister to the news item in the *Statesman* of the day before yesterday.

**Shrimati Renu Chakravartty:** We have one of our topmost officials, Shri K. B. Lal, who is there to find out what is happening in the ECM. Could we know whether our Government has been informed as to the terms on which the negotiations are continuing regarding the entry into Great Britain, without tariff restrictions, of our export goods *versus* the ECM's counter-proposals on it? Do the Government have any information on that?

**Shri Jawaharlal Nehru:** We are getting reports from Mr. Lal who is our representative there at Brussels for this particular purpose. He is sending information. But the situation is a fluid one. It is nothing definite. He reports that such a thing is being discussed and pressure is being brought to bear for this and it is being resisted and so on. So, it is a fluid condition. It is difficult to say definitely what is likely to happen.

**Shri Hem Barua:** May I know whether the Government of the United Kingdom is unwilling to join the common market until and unless the concessions are extended to all the commonwealth countries as desired?

**Shri Jawaharlal Nehru:** I cannot answer on behalf of the United Kingdom. They have said that they will join the common market safeguarding the position of the commonwealth countries. But it must be realised that they are thinking of joining the common market because of considerable pressure on them—economic pressures, political pressures and the rest. Again, in the end, they will balance these pressures and decide which way to go.

**Shrimati Renu Chakravartty:** Question No. 236 is an important question.

**Mr. Speaker:** Question No. 236 is about Utkal Machinery Limited. It may be answered.

#### Utkal Machinery Limited

\*236. **Shri Joachim Alva:** Will the Minister of Commerce and Industry be pleased to state:

(a) whether it is a fact that the Utkal Machinery Limited sponsored by Larsen and Toubro Limited with a 4 crore equity capital is being established in India;

(b) if so, whether the majority of shares in the equity capital of the Company will be held by foreigners; and

(c) for what reasons Government have permitted foreign firms to hold a majority of equity shares in India?

**The Minister of Industry (Shri Manubhai Shah):** (a) to (c). A statement is laid on the Table of the House.

#### Statement

The authorised and issued capital of M/s Utkal Machinery Ltd., is Rs. 2.50 crores and Rs. 1.80 crores respectively. 75 per cent of the issued capital being held by foreign firms. Majority foreign shareholding in this company was allowed by Government on the following considerations:—

- (i) The company's scheme was a composite and comprehensive one to manufacture various types of industrial machinery in respect of which there is considerable scope in this country for creation of fresh capacity;
- (ii) The diversity and intricacy of the heavy machinery to be manufactured, each of which is a tailor made job where much designing work was involved; and,

(iii) The foreign exchange required for the import of capital equipment being covered by the share capital.