

LOK SABHA DEBATES

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No. 12

LOK SABHA

Friday, August 13, 1993/Sravana 22,
1915 (Saka)

The Lok Sabha met at Eleven of the Clock
(Mr. Speaker in the Chair)

OBITUARY REFERENCE

[English]

MR. SPEAKER : Honourable Members, I have to inform the House of the sad demise of one of our former colleagues, Shri Prem Kishan Khanna.

Shri Prem Kishan Khanna was a Member of the Third and Fourth Lok Sabha during 1962—67 and 1967—70 representing Karimganj and Shahjahanpur Parliamentary Constituencies of Uttar Pradesh respectively.

Shri Prem Kishan Khanna was also a Member of Uttar Pradesh Legislative Assembly during 1945—57.

Shri Khanna took an active part in the Freedom Struggle. He was associated with the Hindustan Socialist Republican Association which stood for armed revolution for the freedom of the country and suffered imprisonment in 1924 for fifteen years in the Kakori Conspiracy case.

Keenly interested in rural development, Shri Khanna founded a number of educational and agricultural institutions in the rural areas of Uttar Pradesh.

Shri Khanna passed away on 3 August, 1993 at the age of 96 at Shahjahanpur, Uttar Pradesh.

We deeply mourn the loss of this friend and I am sure that the House will join me in conveying our condolences to the bereaved family.

The Members may stand in silence for a short while as a mark of respect to the deceased.

11.02 hrs.

The Members then stood in silence for a short while.

11.02 hrs.

ORAL ANSWERS TO QUESTIONS

[Translation]

NRI INVESTMENT

*241. PROF.† PREM DHUMAL :

SHRI RAJENDRA
AGNIHOTRI :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government have given several incentives to Non-Resident Indians for capital investment in India under liberalised economy policy ;

(b) if so, the details thereof and their response thereto ;

(c) the total capital investment made by the Non-Resident Indians during the last two years ;

(d) whether the Government are contemplating to provide more incentives and to relax rules and regulations in order to attract more NRI investments ; and

(e) if so, the details ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) In accordance with the Industrial Policy announced by the Government of India during July 1991. Government have decided to raise the investment in industrial ventures in India of

Non-Resident Indians (NRIs) as well as of Overseas Corporate Bodies (OCBs) which are predominantly owned by NRIs and to simplify the approvals/procedures for such investments.

(b) Details are contained in the Annexure.

(c) Subsequent to approval of investment proposals by Government figures of actual inflow of capital invested are not maintained. However, Capital Investment proposals of NRIs approved by Government during the last two years are as follows :—

Rs. in Crores

(i) 1991	19.70
(ii) 1992	439.13

(d) and (e) Government is fully committed to economic reforms as a continuous process and keeps on examining various incentives to domestic, NRI and foreign investors on an on-going basis.

Statement

FACILITIES TO NRIs

Government has taken a number of steps since July, 1991 to make NRI investments in India still more attractive. The new initiatives are summarised below :—

(a) NRIs and their OCBs are now allowed to invest up to 100% on repatriation basis in high priority industries. A procedure of automatic clearance of such proposals has also been made.

(b) The ceiling of 5% on overall NRI portfolio investment in an Indian company has been raised to 24% provided the company passes a resolution to this effect.

(c) NRI investment is now allowed in the previously forbidden areas of real estate, housing and infrastructure also, on the basis of 100% repatriation of the original investment.

(d) Foreign citizens of Indian Origin have been permitted to acquire house property without the permission of RBI by granting them exemption under Section 31 of FERA.

(e) It has been decided to establish the office of Chief Commissioner for NRIs in order to provide a focal point for interface with NRIs.

(f) Hitherto, NRIs were required to declare the foreign exchange assets abroad on return to India. This requirement has been dispensed with in case of persons who have stayed abroad at least for a minimum period of 1 year.

(g) NRIs returning for good will be allowed to maintain foreign currency resident accounts with Indian banks in lieu of the earlier RIFEE scheme.

(h) NRIs have been allowed to import gold up to 5 kg. on payment of duty of Rs. 220/- per 10 gms.

(i) Non-Resident (Non-Repatriable) Rupee Deposit scheme under which the term deposits can be made by NRIs on attractive interest rates to be determined by the banks themselves. Both Principal and interest are non-repatriable.

(j) Foreign Nationals of Indian Origin have been allowed to :—

(i) to act or accept appointment as Agents in India of any person or company in the trading or commercial transactions.

(ii) to act or accept appointment as technical or management adviser in India of any person or company.

(iii) to permit any trademark, which he or it is entitled to use, to be used by any person or company for any direct or indirect consideration.

(iv) carry-on in India or establish in India a branch office or other place of business for carrying on any activity of a trading, commercial or industrial nature.

(v) acquire the whole or any part of any undertaking in India of any person or company carrying on any trade, commerce or industry or purchase of shares in India of any such company.

[*Translation*]

PROF. PREM DHUMAL : Mr. Speaker, Sir, in reply to part (c) of my question, it has been replied that subsequent to approval of investment proposals by Government, figures of actual inflow of capital invested are not maintained. I am of the view that this is the reason why all our policies are not implemented properly. The Government only knows about the proposals and does not have figures about what actually happened then, what it can tell us? I would like to know from the hon. Minister as to why these figures are not maintained and whether any such analysis about the actual investment made by the NRIs before the declaration of this economic policy till 1990, will be made in future? Does the Government have figures about the total investment made during the years 1992-93 and 1993-94 till date? The hon. Minister should also give details about the investment made by foreign investors other than NRIs.

DR. ABRAR AHMED : Mr. Speaker, Sir, the Government has approved 995 proposals out of the total proposals received from the NRIs. The hon. Member wants to know about the total investment actually made and whether the Government will adopt any such procedure in future, which can give the actual figures of total investment made. I would like to tell him that I have already informed about the approvals given to these proposals by the Government. There is a procedure, according to which funds are invested under different heads. So, it is not possible to say immediately about the total investment made. It is very difficult to estimate, but now an effort will be made to adopt a procedure in this regard.

Besides, the hon. Member wants to know about the investment made during 1990 to 1994. I have already given the figures of 1991-92 in my reply. I would like to inform him that the proposals given by NRIs in 1990, 1991 and 1992 were of Rs. 5.24 crores, Rs. 19.70 crores and Rs. 439.13 crores respectively. Proposals for Rs. 255.86 crores were approved by June, 1993. This clearly shows that where as the number of proposals received in 1990 was very less, it increased a lot in 1991

and in 1992. It went up by 22 times. Even by June 1993, the Government had approved proposals for Rs. 255.86 crores.

Besides this, the hon. Member wants to know about the foreign investment. The foreign investment made in 1990, 1991 and 1992 was Rs. 123.08 crores, Rs. 514.41 crores and Rs. 3448.41 crores respectively. A foreign investment of Rs. 3696 crores have been made by June 1993. So, it is clear that there has been a steady increase in foreign investment. This trend shows the success of our new economic policy and liberalisation policy.

PROF. PREM DHUMAL : In his reply, the hon. Minister has claimed success of the new economic policy of the Government. But what are the views of the NRIs in this regard. What comments were given by Shri Swaraj Paul, leader of the NRIs. Although, the Finance Minister said that investments have reduced or stopped due to the Avodhya incident. Shri Swaraj Paul says that the BJP ruled...

MR. SPEAKER : No, no.

PROF. PREM DHUMAL : The question is related to this.

[*English*]

MR. SPEAKER : Please, this is not correct.

[*Translation*]

PROF. PREM DHUMAL : I am only repeating what the NRIs say.

[*English*]

MR. SPEAKER : Please follow the rules. This is not correct. You cannot quote the newspapers here.

[*Translation*]

PROF. PREM DHUMAL : NRIs say that they are not investing here, because democratically elected Governments are dismissed in this country. I would like to know from the hon. Minister through you as to the States which have been preferred by the NRIs for capital investment and in which industries they want to invest. The 'B' part of my question is that in foreign countries services are provided through one

window. In view of that, will the Ministry of Finance in consultation with other ministries consider to provide this facility here and whether it is getting cooperation in this regard. According to my informations...

MR. SPEAKER: Please, let the first question be replied. You have asked a very good question.

SHRI ANNA JOSHI: Please say this much whether one window system is going to be adopted for NRIs.

DR. ABRAR AHMED: Mr. Speaker, Sir, the hon. Member said that the NRIs have lost their faith in us. Just now, I gave the figures from 1990 to June 1994 and the trend shows an upward rise. If they had really lost faith, we would not have got such results.

Secondly, the hon. Member has asked about the industries in which the NRIs want to invest. As I said just now that 995 proposals have been approved and there is a list of these proposals. If the hon. Member wants, I will send it to him.

[English]

MR. SPEAKER: No, no please, classify the industries. If you do not have the information, send it to him later.

DR. ABRAR AHMED: All right, I will send that information to him later. So far as the question of one window system is concerned, I would like to tell that one window system has not been adopted in our country till now, but regarding the views expressed by the hon. Member that the NRIs face a lot of difficulties for setting up units in the States, the Ministry of Industry and the Ministry of Finance have continuously communicated to the State Governments to provide maximum facilities to the NRIs for setting up industries and this effort is still on.

[English]

SHRI NIRMAL KANTI CHATTERJEE: Sir, in common parlance lending is also considered to be a part of the investment. I put a question on that. Periodic statements are made—I am not sure—that during the year 1990-91 our foreign exchange inflow from NRIs was almost zero

or negative. To what extent is that due to the war in Kuwait and Iraq? Do you have this segmentation flow from Middle East, flow from Europe and flow from United States separately and indicate to us how the flows fluctuated from the Middle East from 1990-91 to 1992-93?

[Translation]

DR. ABRAR AHMED: MR. Speaker, Sir, it has no direct relation with this question.

[English]

SHRI RAMESH CHENNITHALA: Sir, the hon. Minister, in his reply, has mentioned about various steps taken by the Government of India for the NRI investment. I would like to know from the hon. Minister whether the Central Government received a proposal for the investment from N. R. Is. for constructing Cochin international airport and if so the details thereof.

[Translation]

DR. ABRAR AHMED: Mr. Speaker, Sir, I have no information about this particular proposal, but I will collect the information and send it to the hon. Member.

[English]

MR. SPEAKER: It is a specific question. You collect the information and send it to him.

[Translation]

SHRI MOHAN SINGH (Deoria): Mr. Speaker, Sir, the hon. Minister made a comparison of the proposals of the NRIs received during 1990 and 1993. But the rate of foreign exchange in 1992 was 22 to 23 per cent less than what it was in 1990 and this is not shown. This is the jugglery of figures made by the department. The hon. Minister had himself stated that there was constant reduction and withdrawal of the deposits by NRIs after the Ayodhya incident. Now he is saying that 100 per cent investment can be made in the high priority industries with the condition that the investors will have to come back to India. I would like to know clearly from the hon. Minister about the total number of NRIs proposals for

high priority sectors, their percentage and whether these proposals are less or more in view of the decrease of 22 to 23% in foreign exchange in July 1991 as compared to 1990?

DR. ABRAR AHMED : Mr. Speaker, Sir, regarding the deposits, I would like to tell the hon. Member through you that our deposits till 30 April, 1993 was of the order of Rs. 25793 crores and it has increased. It is equal to 8238 million U.S. dollars. Besides this, the hon. Member has sought to know about the high priority industries. At present, I do not have the details of the percentage of investment made for the high priority sector and low priority sector. If the hon. Member wants to know, I will send him the information.

SHRI ANNA JOSHI : While replying to the question of the hon. Member, the hon. Minister stated that one window policy has not yet been adopted but the State Governments have been asked to provide them maximum facility. I would like to know as to what is the problem in adopting this policy and why the Central Government does not take the initiative in this regard?

MR. SPEAKER : It is crystal clear question. You can sit down and get the answer. Why are you not doing that?

[Translation]

DR. ABRAR AHMED : I have noted the suggestion of the hon. Member.

[English]

MR. SPEAKER : It is an assurance on the floor of the house. You have got a good reply.

SHRI UMRAO SINGH : Mr. Speaker, Sir, I would like to know from the Government whether they are considering to grant dual citizenship to the NRIs and give them some incentives for attracting more foreign exchange from them.

MR. SPEAKER : It is too wide a question. If you want to reply, you can; otherwise it is not necessary.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH) : Mr. Speaker,

Sir, this proposal has been under consideration. There are several variants on that and this is being considered.

[English]

CUSTOMS DUTY COLLECTIONS

*242. **SHRI RAMASHRAY PRASAD SINGH † :**

SHRI K. PRADHANI :

Will the Minister of FINANCE be pleased to state :

(a) whether the customs duty collections have fallen during 1992-93 ;

(b) if so, the details thereof and the reasons therefor ; and

(c) the remedial steps being taken by the Government to improve the situation ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHARA MURTHY) :

(a) to (c) The customs duty collection during the year 1992-93 have fallen short of the sanctioned Budget Estimate by 5.53% and by 6.60% with respect to the Revised Budget Estimate.

The shortfall in customs revenue had resulted mainly because of the fact that the value of imports during the year was lower than the anticipated level. With the expected improvement in the rate of economic growth and industrial production, customs revenue collection will improve.

[Translation]

SHRI RAMASHRAY PRASAD SINGH : Mr. Speaker, Sir, this is a simple question. In his reply, he has stated that the main reason of shortfall in customs duty collections is the 5.53% and 6.60% reduction made in the original and Revised Budget Estimates respectively. He has told half the truth. The main reason of the shortfall in customs revenue is the exemptions given in custom items under the new economic policy of the Government. These items are not of commonman's item. I would like to know from the hon. Minister the steps being taken to make up the gap in original and Revised Budget Estimates. It may not so happen that the Government may meet the shortfall by imposing more tax on the public.