

LOK SABHA DEBATES

LOK SABHA

*Friday, August 5, 1994/
Sravana, 14, 1916 (Saka)*

*The Lok Sabha met at Eleven
of the Clock*

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

[*English*]

Russian Rupee Debt

181. SHRI UDAYSINGRAO
GAIKWAD:
SHRI SHRAVAN KUMAR
PATEL:

Will the Minister of FINANCE be pleased to state:

(a) whether the question of use of rupee debt by Russia, including that by way of reinvestment was discussed during the Prime Minister's recent visit to Russia;

(b) if so, the details in this regard and the outcome thereof;

(c) whether Russia has decided to auction part of the Indian debt;

(d) if so, the extent of loss the country is likely to incur due to this auction; and

(e) the action plan prepared by the Union Government in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY): (a) to (e). A statement is laid on the Table of the House.

Statement

(a) and (b). During the course of the Prime Minister's visit to the Russian Federation, the Russian Government had indicated an interest in using a portion of our rupee debt repayment for investing in joint venture projects. Since India's rupee debt repayments to Russia can presently be used only for export of Indian goods and services to Russia, investments in joint ventures would necessitate changes in the relevant inter-Governmental agreements and resolution of various technical issues. However, no concrete proposals have yet been received and no detailed modalities have yet been agreed upon.

(c) to (e). During the discussions with the Indian delegation, the Russian Government had indicated its intention to auction a portion of India's annual rupee repayment to Russia amongst prospective Russian im-

porters who would be required to deposit roubles in the Russian Government account before being given the entitlement to effect the imports into Russia from India. The auction process would merely establish the entitlement to import from India. The Russian Government has assured that those Russian importers who win the entitlement to import through the auction would still be required to follow the various inter-Governmental agreements on export of goods to Russia against our rupee debt repayments. In so far as India is concerned, the full value of the import entitlement will, therefore, be debited to the debt repayment central account which is maintained in RBI, Bombay.

SHRI UDAYSINGHRAO GAIKWAD: In the statement it has been mentioned that during the Prime Minister's visit, "the Russian Government had indicated an interest in using a portion of our rupee debt repayment for investing in joint venture projects. "But so far there are some more things and it is mentioned that "inter-governmental agreements and regulations for various technical issues" have to be met. That can be done after the venture is declared.

I would like to know what kind of a joint venture the Russian Government want to go in for, either in this power sector or in any other sector. I would also like to know from our side which type of venture we would like to go in for.

SHRI M.V. CHANDRASHEKHARA MURTHY: Sir, it is true that when the hon. Prime Minister of this country visited Russia, they had expressed their desire to utilise a portion of the funds of investments in joint venture projects. However, no concrete proposals so far have been received from the Russian side and it is still in the discus-

sion and consultation stage.

SHRI UDAYSINGHRAO GAIKWAD: Part of my first question was whether our Government is thinking of any joint ventures, because we must also be thinking something about that; the answer to that has not come.

Again it is mentioned in the reply; that during the discussion the Russian Government had indicated the "auction process would merely establish the entitlement to import from India. The Russian Government has assured those Russian importers....". They have mentioned everything here.

My specific question is: what is the exact loss the country is likely to incur due to this auction? The time will come when they will do the auction because they want to go in for all these joint ventures. There would be some loss to our country in this auction. So, I would like to know how much our country is going to lose rupee-wise.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, with regard to the first question that the hon. Member has asked about the type of joint ventures that are contemplated, as my colleague has already answered, this whole proposal was tentatively discussed and concrete suggestions have yet to be received from the Russian Government.

As far as we are concerned, we are certainly interested in larger cooperation between our enterprises and Russian enterprises. But ultimately all these things have to be discussed between the business communities of the two countries because Russia has no longer an old economic system. They have private sector enterprises and we have also private sector enterprises.

So, this is a matter for discussion between the business communities of the two countries.

Now, with regard to the likely amount of loss that the auctioning of the right to import may involve, if this right to auction is in conformity with what the Russians have been telling us, there need not be any loss to our country. Under the old system, Russian organisations used to import goods from India as part of repayments. The whole of the debts which we owe to Russia is repayable to the export of Indian goods. Now, there is a change in this economic system. Therefore, the Russian Government would like the Russian enterprises to import these goods. But many of these enterprises do not have the resources. So, the Russian Government feels that one way to overcome this problem would be to auction the right to import. Then those enterprises which have Roubles, they will deposit this now, if they follow strictly that sort of auctioning procedure, there need not be any loss to the Government of India.

SHRI SHRAVAN KUMAR PATEL: Sir, on the one hand, we are seeing reports about Russian Vice-Premier, Mr. Yuri Yarov, having allayed fears expressed by India, denying that there were plans to auction the whole amount of Rs. 30 billion Indian debt, adding that the proposal is to auction only 30 per cent, which is tantamount to Rs. 13 billion, and on the other hand, there are reports of Russian Foreign Economic Relations Minister that he does not rule out "elements of collusion, misappropriation and other uncivilised manifestations" during the proposed auction of 50 per cent of Indian debt repayments. The difference is: one gentleman is saying 30 per cent and the other Minister is saying 50 per cent.

So, I would like to know what is the the

actual position and final understanding about the portion of debts to be auctioned. What safeguards are we contemplating against re-export of Indian items by Russia to Western countries, pushing our own items out of the international market thus undercutting India's hard currency exports?

SHRI MANMOHAN SINGH: Sir, it will have to be ensured that these goods are used within Russia in accordance with the inter-governmental agreements. When we discussed these matters with the Russians, this thing was pointed out and we do expect them to make effective arrangements so that these goods are used within Russia and are not used for re-export to other countries.

DR. KARTIKESWAR PATRA: Sir, a number of documents have been signed during the last visit of our hon. Prime Minister to Russia and one of these documents is the agreement between India and Russia in regard to Civil Aviation.

One of the documents is the agreement between India and Russia regarding civil aviation and it will be in joint venture. I want to know from the hon. Minister what is the policy of investment ratio of this joint venture which has been signed recently.

SHRI MANMOHAN SINGH: Sir, this is a question relating to the Ministry of Civil Aviation. I would respectfully request that this may be addressed to my colleague, the Minister of Civil Aviation.

DR. KARTIKESWAR PATRA: Excuse me, Sir, I want to know what is the investment ratio of any agreement between India and Russia. That can be answered by the hon. Minister.

MR. SPEAKER: Investment ratio with respect to what?

DR. KARTIKESWAR PATRA: Any joint venture, Sir. I have cited one joint venture that has been recently signed and that will be registered also. That is why I want to know categorically what would be the investment ratio between India and Russia in the joint venture.

Mr. SPEAKER: If there is one.

SHRI MANMOHAN SINGH: Sir, this would vary from project to project and, as I said, this is a subject matter of negotiations with business communities of the two countries. There cannot be any rigid answers to all joint ventures. They will have to be in conformity with the overall policy with regard to foreign investment in India.

SHRI K.T. VANDAYAR: Sir, the imports from the erstwhile Soviet Union were primarily of Defence spares and equipments and of steel plant components. Will, the Government explore the possibility of enlarging the scope of import of spares and equipments which are required for Defence Forces from the Russian Federation? Also, what are the tie ups between India and Russia in this regard? Would it not be prudent for our Government to liquidate the Russian debt in a phased manner in terms of rupee-rouble agreement?

SHRI MANMOHAN SINGH: Sir, the repayment of the debt has to be in accordance with the inter-governmental agreement. That has already been agreed to in 1993 and we propose to follow the pattern laid down in the inter-governmental agreement.

With regard to Defence imports, every effort is being made to ensure that whatever spares we can get from Russia, we ought to procure them.

SHRI B. AKBAR PASHA: Mr. Speaker, Sir, lot of goods were exported to the erstwhile Soviet Union, and after the collapse of the Soviet Government, huge money was to be paid to the Indian exporters. This came after more than one and a half years and the exporters had to suffer paying interest to the banks, sometimes penal interest also. Is the Government going to do something to help the Indian shippers who have suffered? Some of them have to close down their business. Is the Government going to negotiate with the erstwhile Soviet Union representatives or the Russian Republic, whichever it is, for getting the compensation for the interest paid as well as for compensation of the loss they have sustained?

SHRI MANMOHAN SINGH: Sir, this is a question relating to exporters. I would request that may kindly be addressed to the hon. Minister for Commerce. I do not have the details with regard to this question.

Tourism Offices Abroad

[*Translation*]

182. KUMARI SUSHILA TIRIYA :
SHRI MOHAN SINGH
(DEORIA) :

Will the Minister of CIVIL AVATION AND TOURISM be pleased to state:

(a) the details of offices of the Tourism Department functioning in the foreign countries;

(b) the achievements of these offices during the last three years;

(c) whether their performance has been satisfactory;