

oil has also to be seen; the prices are going up.

**DR. RANEN SEN:** How much is being produced there? That is the question.

**SHRI K. D. MALAVIYA:** We think that soon, in the month of June or even in May, leube oil will be produced almost to the full capacity.

**SHRI DINEN BHATTACHARYYA:** I am sure the hon. Minister will come to the House, again and say that they are incurring losses.

**MR. SPEAKER:** Next question.

#### Investment of Multinational Corporations

\*412. **SHRI C. K. CHANDRAPAN:** Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether the investment of multinational corporations in the share capital of their subsidiary companies in India in the Industrial sector, Pharmaceutical sector and Fertiliser sector has increased in 1974-75 and 1975-76 as compared to 1972-73;

(b) if so, figures thereof; and

(c) names of their subsidiary companies with their investment for the above mentioned periods?

**THE DEPUTY MINISTER IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI BEDABRATA BARUA):** (a) to (c). A statement is laid on the Table of the House. [Placed in Library. See No. LT-10630/76].

**SHRI C. K. CHANDRAPAN:** According to the statement the paid up capital of the multinational corporations in India in 1974 had gone up from Rs. 129 to 144.6 crores; the additions are rather alarming. Till today the Government has got only 63 balance sheets: out of 187 Indian subsidiaries of multinationals, only

63 have cared to submit the balance sheet to the government. In this context what are the criteria on which the multinationals are allowed to invest capital in our country? I know that the guidelines of the finance ministry are there but that is not what I want. There is widespread allegation against multinationals that they are permitted to invest money in non-essential sectors. Is the government considering this fact when they are allowing multinationals to invest money in our country? Secondly, would the government place before the House the facts about the remaining subsidiaries when they become available?

**SHRI BEDABRATA BARUA:** The hon. Member asked about the year 1974-75 and 1975-76 and I had to reply to that question. We have figures for 1973-74 and earlier years about the subsidiaries of multinationals in this country. Since there are certain rules in the Companies Act about the submission of the balance sheet, they go by that and they are not required to submit the balance sheets by this time of the year. I have given figures for 63; I hope we will have the figures for all the companies within a few months with regard to the criteria of multinationals and their investments, those are the same criteria laid down in the industrial licensing policy of February 1973. It is the same as for the other big houses; whether they are big houses or not, multinationals are taken as big houses. If they have foreign majority shares they have to go into the same restricted industries only; if they go to other areas, the hon. Member says that they go in for non-essential sectors, that will be for 100 per cent export or 75 per cent export. They have to export their production and not compete with the local producers. I admit that the foreign capital of the 63 Companies had gone up; but the entire paid up capital of those companies have also gone up. The holdings of multinationals have not

gone up; if it is 65 per cent it continues to be 65 per cent. I can assure the hon. Member that after the implementation of the Foreign Exchange Regulation Act, all foreign majority companies are required to bring down their shareholding to 40 per cent except in the sophisticated and basic core sector where they will have to bring down their shareholding upto 74 per cent.

**SHRI C. K. CHANDRAPPAN.** Last week when we were discussing about the investment of Coca Cola, this aspect was discussed. To what extent did the Government consider it as an essential sector when they were permitted to do business? Now, considering the fact that these multinational corporations in various countries are involving themselves in political subversive activities, whether the Government would consider to appoint a Director in the subsidiary companies of these multi-nationals? Only the powers are there in Section 408 (1) of the Companies Act. I would like to know whether the Government would consider this to make sure that they will not do anything which goes against our interest, without our knowledge.

**SHRI BEDABRATA BARUA:** So far as the Hon'ble Member's reference to Coco Cola discussion in the House is concerned, new licences for these non-essential products are not allowed now, so far as products of this type are concerned, as far as I know, as far as this Ministry knows. But when they have got into the country already, it is only a question of regulating their functioning.

**SHRI DINEN BHATTACHARYA:** They are expanding.

**SHRI BEDABRATA BARUA:** To my knowledge when the applications are processed in the Ministry, when the multi-nationals are dominant, they are not allowed. They have only expanded in other fields. For example a company producing biscuits or

cigarettes, may expand. In such particular sectors in which they have been engaged, their contribution to the national output is progressively coming down in relation to the total output in the country today. So far as political subversive activities are concerned, I am not dealing with those matters in any case. Section 408 does not cover political activities. 408 has definitely stated that if a company has misused the funds or is mismanaged, and Government has reason to believe that fraud is committed against the shareholders, for that type of things we can appoint Directors under 408 and it is not for the Government but it is for the Company Law Board to go into these allegations and if it is found that the company is mismanaged, new Directors are appointed in the company.

**SHRI S. M. BANERJEE:** From the statement, it appears that there are 51 multi-national corporations and their subsidiaries working in India. I would like to know whether after the exposure in connection with the Lockheed, as they have given money to many people, the Hon'ble Minister has received serious complaints from various quarters including various Associations and Unions connected with the Hindustan Lever and if so what action has been taken by him? Whether any investigation is going on?

**SHRI BEDABRATA BARUA:** I cannot say about this matter off-hand. I have received some allegation from the working class, labour trade unions about certain matters. We have gone into some of these things and nothing objectionable was found at the time of inspection. I am speaking off-hand. I do not know anything further.

**SHRI B. K. DASCHOWDHURY:** The hon'ble Minister has given a long list of multi-national corporations. I do not deal with all of them. But I would like to ask, as a measure of policy, what is the function of the

Government in view of the fact that the Government is committed to develop co-operative sector and the small-scale sector and in relation to the multinational corporations whose activities are adversely affecting growth of the co-operative and small scale sectors. For example, WIMCO is producing about 80 per cent of the total match products in the country and they are not allowing the small match company to develop in the manner as it ought to be. I would like to know from the Hon'ble Minister whether he is also aware that in several countries of the world—even the UK has to pass a law—a law has been passed to ban production of such goods by the multi-national Corporations. In view of that, what is the intention of the Government? Whether they are going to put restraint on such multi-national corporations?

**SHRI BEDABRATA BARUA :** The policy of the Government is not to allow big industries, particularly multi-national corporations to compete with the cooperatives and small scale industries. I cannot go from industry to industry because it is not possible for me to do that. About WIMCO, they have applied for some licence but not for the expansion of their match making industry.

#### **New Schemes for Railway Lines in Andhra Pradesh**

\*413. **SHRI Y. ESWARA REDDY:**

Will the Minister of RAILWAYS be pleased to state:

(a) whether the Andhra Pradesh State Government has urged the Centre to take up survey for new railway line in the State;

(b) if so Government's reaction thereto;

(c) which are the railway lines now under various stages of construction in the State and by when they are expected to be completed; and

(d) which are the new lines likely to be taken for construction in that State during the current year?

रेल मंत्रालय में उप-मंत्री (श्री बदा सिंह) : (क) से (घ) एक विवरण सभा पटल पर रख दिया गया है।

#### **विवरण**

(क) और (ख) आन्ध्र प्रदेश राज्य सरकार के अनुरोध पर गमगंडम में निजामाबाद तक (160 कि० मी० लम्बी) बड़ी लाइन के निर्माण के लिए सर्वेक्षण प्रारम्भ कर दिने गये थे। अब राज्य सरकार ने करीमनगर में गमने और काजोपेठ में वर्तमान रेलवे लाइन में मिलने वाली लाइन के वैकल्पिक संरक्षण की जांच करने का मुद्दाव दिया है। राज्य सरकार के प्रस्ताव की जांच की जा रही है।

(ग) 150 किलोमीटर लम्बी बीबीनगर-नडिकुडि लाइन के निर्माण-कार्य को मंजूरी दी जा चुकी है और प्रथम चरण में 74 किलोमीटर लम्बे बीबीनगर-नयांडा खण्ड का निर्माण-कार्य प्रारम्भ कर दिया गया है। इस काम के अप्रैल, 1980 तक पूरा हो जाने की सम्भावना है बशर्ते कि धन उपलब्ध होना रहा। गुंटूर में माचनान्तक 130 किलोमीटर लम्बी आमामन-परिवर्तन परियोजना को भी स्वीकृत किया जा चुका है किन्तु नडिकुडि-बीबीनगर लाइन पर निर्माण-कार्य की धनी-भानि प्रगति होने पर ही इस काम को शुरू किया जायेगा।

(घ) चालू वित्तीय वर्ष के दौरान किसी नयी रेलवे लाइन को शुरू करने का कोई प्रस्ताव नहीं है।

**SHRI Y. ESWARA REDDY :** Concerning Bibinagar-Nadikude line, it is stated in the statement that the work is likely to be completed by April, 1980 subject to the availability of adequate funds. But the way the Ministry is proceeding in this work is such that one is compelled to conclude that the construction of this line will not be complete even by the end of this century. Its estimate is, I think, more than Rs. 30 crores and