

have some equity participation in 1992. May I know from the hon. Minister what were the compelling grounds for allowing the SMC to have the equity participation in this profit earning company in our country which was a hundred per cent public sector undertaking?

SHRI MURASOLI MARAN : It all started with 26 per cent shares for Suzuki. Later on, it was enhanced to 40 per cent. Then, it became 50 per cent. So, it was a decision of the then Government.

SHRI CHITTA BASU : What were the compelling reasons for that?

SHRI MURASOLI MARAN : I have no answer. It was a decision taken by the previous Government.

SHRI CHITTA BASU : So what? Sir, the Government succeeds.

MR. SPEAKER : No question on Maruti from the other side?

AN HON. MEMBER : No.

SHRIMATI GEETA MUKHERJEE : Sir, the hon. Minister in his reply to Comrade Chitta Basu said that he could not give any promise for eternity. Now, the question of eternity does not arise.

I would like to know whether it is a fact that the Suzuki Motor Corporation are dangling in a terror of Rs. 5,000 crore in India.

If so, are the Government aware of the fact that Suzuki's financial condition in its home country is not at all comfortable and its efforts to set up car manufacturing facilities in Pakistan and Spain have flopped? Therefore, if not for eternity, at least, it should be remembered for the near future when deciding about this question.

SHRI MURASOLI MARAN : We will remember that. The hon. Member's party is a partner in the Government. Their own representative is in the Government. I think, they will take care of their interests.

DR. T. SUBBARAMI REDDY : May I know from the hon. Minister whether there is a proposal to set up a Maruti factory in Andhra Pradesh? If so, for what value? I would like to bring to the notice of the hon. Minister that Visakhapatnam is the best place for setting up such a factory.

SHRI MURASOLI MARAN : There is no question of setting up a factory in Andhra Pradesh at all. Of course, there is an expansion plan. A Committee has been set up and they are going into it.

Full Convertibility of Indian Rupee

+

*104. SHRI MADHAVRAO SCINDIA :

SHRI K. PARASURAMAN :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government are considering a

proposal for full convertibility of the rupee on capital account;

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

(c) the time by which a decision is likely to be taken on this account?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) to (c) A statement is laid on the Table of the House.

Statement

(a) to (c) The Indian rupee is convertible in respect of certain constituent elements of the capital account. Full convertibility of the rupee on capital account requires fulfilment of some basic pre-conditions, which will ensure containment of the risks of capital flight and possible macro-economic instability. These pre-conditions include a sound and flexible domestic financial system able to adapt rapidly to changing situations, reduction in fiscal deficit, moderation in inflation, a sustained export performance and a further build-up of foreign exchange reserves. The on-going economic reforms, which aim at achieving these pre-conditions, will guide the timing and the sequencing of further capital liberalisation and facilitate a move towards full convertibility of the rupee.

SHRI MADHAVRAO SCINDIA : Sir, it is obvious from the statement made by the hon. Minister that capital account convertibility is still the ultimate objective. But certain preconditions have been indicated from the Statement like the reduction in fiscal deficit, moderation in inflation, sustained export performance and further build up of foreign exchange reserves. Unfortunately, in most of the parameters enunciated by the Finance Minister, there has been a negative performance. Fiscal deficit may be probably achievable at five per cent but only because the full impact of the Fifth Pay Commission will be felt next year, whereas a provision for Rs. 5,000 crore has been made this year, there would be a saving of Rs. 5,000 crore in that. Again, Rs. 3,000 crore is unutilised and would remain unutilised in the Plan Fund and also the impact of additional food and fertilizer subsidy would be felt in the next year.

SHRI NIRMAL KANTI CHATTERJEE : Is he making a Budget speech?

SHRI MADHAVRAO SCINDIA : Inflation has almost touched double figures; export performance is down at four per cent from 25 per cent, when Shri Chidambaram was himself the Commerce Minister, and the foreign exchange reserves have only shown a meagre addition, that also because of the slow growth the imports.

Sir, it appears, therefore, from these parameters that we are drifting away from this ultimate objective. I would like to know from the Finance Minister whether or not, in his view, we are further away from achieving

full capital account convertibility than we were a few years ago.

SHRI M.P. VEERENDRA KUMAR : This is a question which involves broader policy aspects. I do not think it could be a mere question - answer issue. This is a matter of broader policy which the Government has to decide. That is why I made a brief statement about it. I do not think that through a question-answer session here we could enunciate the policy of the Government. So, I think, I would not be able to answer anything on this issue.

SHRI MADHAVRAO SCINDIA : Sir, if the hon. Minister is not enunciating the policy of the Government through questions and answers, is he enunciating a personal policy? What are we here for?

SHRI M.P. VEERENDRA KUMAR : It is not a personal policy.

DR. DEBI PROSAD PAL : Sir, this is a matter of great importance.

SHRI MADHAVRAO SCINDIA : Sir, he has to give an answer to this...*(Interruptions)* If the policy of the Government is not going to be a matter of question and answer, then what is this Question Hour for?

SHRI M.P. VEERENDRA KUMAR : The Government policy would a matter of question and answer ...*(Interruptions)*

MR. SPEAKER : Mr. Minister, you can answer it.

SHRI M.P. VEERENDRA KUMAR : Sir, what I am saying is that it involves a wider role...*(Interruptions)*

SHRI SONTOSH MOHAN DEV : Sir, that means, in future we should not ask questions which involve a wider role. Please say, 'yes' or 'no'.

MR. SPEAKER : You can answer the question as the policy stands today. Let him take the plea, as was taken by the Industry Minister, saying, "How can I reply for eternity?"

SHRI MADHAVRAO SCINDIA : I have asked a very simple question. I feel there has been a negative performance in most of the parameters that have been laid down in this House for moving towards full capital account convertibility. Therefore, in his opinion, are we not further away from capital account convertibility than we were a few years ago? And, if not, then how does he explain these parameters? This is a very simple question.

DR. MALLIKARJUN : Mr. Speaker, Sir, the Minister can say that this is under consideration.

SHRI MADHAVRAO SCINDIA : You are not a Minister here. You should join the Government.

SHRI M.P. VEERENDRA KUMAR : There are two types of convertibility. One is, current account convertibility and other is capital account convertibility. Question about the first, that is current account

convertibility, is not asked. So, I need not answer that. Regarding deficit, he has said that it was 8.3 percent of the the GDP in 1991. It is a different question altogether. What I said is, this is a matter which has to be given a very serious consideration and I cannot just in one go answer this question.

MR. SPEAKER : No, I think, Mr. Minister you are not correct.

(Interruptions)

MR. SPEAKER : Please, let me explain. I also know something about it. Why are you trying to help me?

What the hon. Member is saying is, the policy of the Government is to go towards full convertibility in the course of time. But your economic performance is showing that instead of going towards full convertibility, you are going backward. Do you agree with this position? It is a very simple question. It has nothing to do with the policy. I hope I have explained it properly.

SHRI M.P. VEERENDRA KUMAR : I think, we are going towards that direction. I can neither say, 'yes' nor 'no' to th is question.

SHRI MADHAVRAO SCINDIA : In deference to the fact that the hon. Minister is putting in his maiden appearance today, I will let that question pass, but I am not really satisfied with that answer.

My second Supplementary is, Dr. Manmohan Singh had stated that if the then Government gets re-elected then they would achieve full capital account convertibility three years into the next term. That indicated round about 2000 and 2001. As recently as in December-January, the hon. Commerce Minister, Mr. Ramaiah has stated that Government is considering a proposal for full convertibility on capital account.

Now, if the Government is still not sure or is still very nebulous about the situation, then on what basis did your colleague, the hon. Commerce Minister, make the statement? As Mr. Ramaiah stated, has the Government considered the proposal - as the statement was made two months ago? If not, then what answer does the Finance Ministry have for what the Commerce Ministry has stated?

MR. SPEAKER : I think your question could have been slightly modified. Rather than asking, why did he say so, you should have simply asked, does he agree with the Commerce Minister or not. I do not think he can possibly answer as to why the Commerce Minister said so.

SHRI M.P. VEERENDRA KUMAR : I have already made a statement in the House.

SHRI MADHAVRAO SCINDIA : This is a very simple question, Sir. Has the Government considered this proposal? The Government has a collective responsibility. The Commerce Minister has made a

statement. Has the Government considered this in the last two months or not?

PROF. P.J. KURIEN : The problem is, when the Commerce Minister made the statement, he was not the Minister at that time.

SHRI M.P. VEERENDRA KUMAR : The Industry Minister has said something. I have made a statement in the House and I said that this is a matter of policy. Did I say that we will do it or we will not do it? I did not say that. I only said that such a macro issue cannot be answered by a reply in the Question Hour.

SHRI MADHAVRAO SCINDIA : Has the Government considered this proposal in the last two months? That is all I want to know.

MR. SPEAKER : I think we need to have some other occasion to get all these clarifications.

SHRI K. PARASURAMAN : Mr. Speaker, Sir, as I understand, according to the Economic Survey report, full convertibility of rupee on capital account is possible if fiscal deficit is reduced to the minimum, inflation is brought under control, if there is a good export performance, a comfortable foreign exchange reserve, etc. In this connection, I would like to draw the attention of the hon. Minister to the fact that even after five years of introduction of liberalisation policy, transparency and greater extent of open market policy followed by the Government, it has not been possible for the Government to bring down fiscal deficit, contain inflationary pressures, increase export and improve foreign exchange reserves etc. It seems that in the present situation it will not be possible for the Government to introduce full convertibility on capital account. Therefore, the foreign investment is slack. I would like to know from the hon. Minister whether he has any other mechanism for perceptible export growth and drastically reduced the fiscal deficit so that full convertibility is made possible.

SHRI M.P. VEERENDRA KUMAR : Mr. Speaker, Sir, the Budget is going to be presented in a few hours from now. Let the hon. Member wait till then.

MR. SPEAKER : "Wait for the Budget", that is a good answer.

[Translation]

Disinvestment of Shares of PSUs

+
*105. PROF. PREM SINGH CHANDUMAJRA :
SHRI NITISH KUMAR :

Will the Minister of INDUSTRY be pleased to state :

(a) whether the attention of Government has been drawn to the news item captioned "Disinvestment of PSU Shares unlikely this fiscal, says Maran" appearing in the "Times of India" dated January 15, 1997;

(b) if so, the total amount which has been mobilised through disinvestment so far; and

(c) the names of the Public Sector Undertakings which were identified sick by the Government for the purpose of selling of shares and the reasons for which the shares of these institutions have not been sold?

[English]

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) to (c) A statement is laid on the Table of the House.

STATEMENT

(a) Yes, Sir.

(b) No disinvestment has taken place so far during 1996-97.

(c) No sick units have been identified or their shares offered for sale, as a part of disinvestment programme. As such the question of the shares not having been sold does not arise.

[Translation]

PROF. PREM SINGH CHANDUMAJRA : Mr. Speaker, Sir, the statement made by the hon. Minister is not factual. He has given reply that

[English]

"As such the question of shares not having been sold does not arise."

[Translation]

I would like to know whether it is not a fact that United Front Government has sent a proposal to the Cabinet for selling 11 companies; not their shares but out right sale of these companies. Whether it is not a fact that five out of it are viable companies which comprise Hindustan Paper Corporation Ltd. Tung bhadra Steel Products Limited.; National Industrial Development Corporation Ltd; Bridge and Roof and Company Ltd, Hindustan Salts Ltd. If it not true that last year the United Front Government had set up a disinvestment Commission under the Chairmanship of Shri N.V. Ramakrishna for carrying out disinvestment in a phased manner. Whether it is not true that the UF Government had promised the people under their Common Minimum Programme that financial and management structure building of Public Undertakings would be accorded priority. In the face of this promise why this proposal was referred to the cabinet and why it was not brought in to the notice of the Disinvestment Commission. Why its statutory power are being diluted and its being delegated only the advisory powers only. This is exactly what I want to know.