

Entry of Multinational in Electronic Industry

*343 SHRI NITISH BHARADWAJ :
SHRI NAMDEO DIWATHE :

Will the PRIME MINISTER be pleased to state :

(a) whether the Department of Electronics moots opening up of strategic electronics sector to multinationals to meet a massive requirement of Rs. 14,500 crore during the 9th Five Year Plan;

(b) If so, the details of observations/recommendations made by the study-team in this regard;

(c) the action taken/proposed to be taken thereon; and

(d) the present status thereof ?

THE MINISTER OF STATE OF THE MINISTRY OF PLANNING AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE OF THE MINISTRY OF SCIENCE AND TECHNOLOGY (SHRI YOGINDER K. ALAGH) : (a) to (d) A Statement is laid on the Table of the Lok Sabha.

Statement

(a) and (d) The report of the Study Team on Strategic Electronics for Ninth Five Year Plan, inter-alia, observed that there need not be any inhibition to involve multinationals in the strategic electronics sector provided they agree to the transfer of critical technologies.

Foreign investment in the Strategic Electronics sector is governed by the general policy on Foreign Direct Investment (FDI) as laid down in the existing Industrial Policy, 1991 as amended from time to time. The Department of Electronics has not suggested any modification in the said policy.

SHRI NITISH BHARADWAJ : The hon. Minister has said in his reply that the report of the Study Team has said that there need not be any inhibition to involve multinationals in the strategic electronics sector provided they agree to the transfer of critical technologies. Firstly, I would like to know which are the different sectors you have identified under the heading critical technologies. Under those headings, in those sectors, have you received any specific proposals from any multinational company or any other source ?

SHRI YOGINDER K. ALAGH : As far as the strategic sectors not exclusively for non defence use are concerned, I would like to inform the hon. Member that we have a policy of licencing for all plants. As far as the sectors relating to Defence are concerned, they are restricted to the public sector. So, the question of production by outside agencies in the strategic sector relating to Defence at the present stage under Government policy does not arise at all. As far as the sectors themselves are concerned, if the

hon. Member wants to know what are the strategic sectors, I can list them out for him. At present there can be no question of proposals for production by multinational companies in Defence related strategic sectors.

SHRI NITISH BHARADWAJ : Sir, this is not my second supplementary. My question was not relating to defence. My question was very simple. Which are the sectors or fields that you have identified under the heading 'critical technology' ? You have used this expression; I have not asked for it, I am asking this only out of your answer. I want to know this because you are talking about 'transfer of critical technology'. So, I assume or presume it; it goes without saying that defence will not be 'transferred'. So, which are those fields ? This was my first question.

SHRI YOGINDER K. ALAGH : Within the strategic sector, we have strategic software, we have high research direction funding technology, we have navigation systems and computer-controlled six degree ocean platforms, high research display systems, data fusion, emerging radars and so on.

SHRI NITISH BHARADWAJ : Thank you.

My second question, now, is this. In all these sectors of fields that the hon. Minister has mentioned, we all know that in countries like America a lot of our own intelligent youth are going and working in their electronic, hardware and software industries, especially in institutions like NASA where all these navigation technologies and radar systems are being worked out. There is a constant brain drain from India. Is the Government considering any proposal, or does it have any further plan to stop any further brain-drain ? There is a definite deficit of Rs. 14.5 thousand crore in the Ninth Five Year Plan which we have to meet in this field. The multinationals cannot be the only source for doing this. Does the Government have any specific plan by way of establishing special electronic export promotion zones or giving some facilities and subsidies to the Indian youth so that they establish their companies in these sectors here in India and do not go to countries like America and part with our own knowledge ?

SHRI YOGINDER K. ALAGH : More generally, Government's policy is very supportive. For this kind of strategies that the hon. Member has suggested, we allow 51 per cent investment and automatic approval by the Reserve Bank of India subject to the EXIM Policy; particularly for NRIs and corporate bodies 100 per cent investment is allowed. But in the specific strategic and defence-related sectors all these proposals will have to be examined on a case-to-case basis.

More generally, the Science Secretaries, whenever they go abroad, have been instructed by the Ministry that they should make an attempt to meet young Indians who are working in the university system or hi-tech areas. We would certainly, on an individual case-to-case basis, try to

see to it that if young Indians want to come back we would provide them with whatever facilities are required for them.

SHRI NITISH BHARADWAJ : Coming back is one question but is there anything being done to stop further brain-drain ? The Science Secretaries going abroad and talking to them is one aspect of it. But to stop further people from going abroad, is there any specific attempt from the side of the Government ?

SHRI YOGINDER K. ALAGH : This is a very difficult problem. What we have been trying to do is to follow an approach where, for example, we try to give incentives within the public sector which plays a very major role in sectors like space or technology or some areas of electronics. Apart from opportunities for promotion for talented people and other facilities like housing, advanced training, I have been suggesting to the Science Secretaries that we must invest more so that if a young man joins ISRO, after a few years, we could send him to one of the best universities in the world for collaboration with peer groups. The hon. Prime Minister has been kind enough, whenever our scientists have made any achievement, to write a personal letter. We want to make it very clear that we value the efforts of young scientists very highly. As you know, apart from the monetary aspect, scientists and technologists get excited by some of these things. So, that is the effort that one should make. . . (Interruptions).

MR. CHAIRMAN : Mr. Minister, you have already answered.

SHRI A.C. JOS : The most famous space research institute, ISRO, is situated at Tiruvananthapuram in Kerala. It has developed now. It was started during Panditji's time and it has taken a shape now. We are proud of that Institute. Along with that Institute, in Kerala, we have got electronic parks also.

My question is : Will the Government and the hon. Minister be kind enough to think of establishing an Export Processing Zone exclusively, for electronic equipments and electronics machinery, to export software in collaboration with ISRO and electronic parks available in Tiruvananthapuram ?

SHRI YOGINDER K. ALAGH : It is not directly related to the question. The Government of Kerala has given some specific proposals relating to the software park in Tiruvananthapuram. I would like to inform the hon. Member that ISRO and other Central Government agencies located in Tiruvananthapuram go out of their way to explain their needs and interact with the local industrial bases and, I am sure, with the Department of Electronics. One or two cases which I have received from the Government of Kerala are being looked into.

SHRI A.C. JOS : My question is; Can encouragement for software exports from Tiruvananthapuram be thought of ?

SHRI YOGINDER K. ALAGH : The Government's policy is very supportive of electronic exports.

MR. CHAIRMAN : Shri Jose, the hon. Minister has already said that he has received various proposals from the Government of Kerala and they are under process.

SHRI SHIVRAJ V. PATIL : Sir, electronic is the science of present and future. The strength for electronics comes from research and development. We would like to know what is the present policy of the Government which can really help in developing the technology and science in the field of electronic. If we do not develop the technology and science of electronics, we would not be able to develop electronics in our country. It is not possible to develop electronics in our country by importing the technology all the time from outside. We are for importing the technology which is easily available. But the frontline technology is not going to be available. It is only the penultimate technology. We would be very happy to know the present policy of the Government in this regard.

SHRI YOGINDER K. ALAGH : The hon. Member's interest in the field of electronics is well-known and he has been supportive of this sector. I would be very happy to send the proposals of the Ninth Five Year Plan with regard to Department of Electronics to the hon. Member. These proposals are available in hard discs also. The Department of Electronics have made proposals for integrating some of the advanced institutions that we have right now, like C-DoT and the Institute of Software Computing, into a state-of-the-art advance centre for research and training which apart from having its own facilities would also work and modern system of networking and with concepts of virtual training as we go along. In fact Mr. Bill Gates has made some proposals, It should be a very important aspect as far as our country is concerned. The Department of Electronics is seized of this problem earlier and have made proposals in this regard.

SHRI P.R. DASMUNSI : Sir, the hon. Minister has just now stated that according to the policy of the Government, the multinationals are not allowed to participate in the strategic electronic sector.

It is also a policy of the Government that so far as foreign investments are concerned, the priority would be given first to the technology transfer cases and other key areas. May I know from the hon. Minister whether it is a fact that the American Investment Group and the Canadian Investment Group, while making their investment proposals to the Foreign Investment Board of India, had made it abundantly clear that the technology transfer in the case of strategic electronics sector can only be possible if they are allowed to participate in it ? In that case, if your policy is strictly 'no', I am thankful to you. That is a correct policy of the Government. Is the Government going to compromise its policy in the near future ? Can you categorically say 'no' for ever or do you say that there is a thinking going on ?

On the one hand, I find that in this Government, the Minister of Industry, the Prime Minister's Office and the Foreign Investment Board project the whole thing relating to foreign investment policy from one angle and the departmental policy from another angle.

So, I want to be assured in the House whether in the interest of national security, for all investment purposes, the technology transfer can be allowed without participation of the multinationals in the strategic electronics sector. It is a genuine policy of the Government which should not be linked with the other compromises that are now being made in the name of liberalisation policy.

SHRI YOGINDER K. ALAGH : The Government is aware of strategic electronics. As the hon. Member has said or implied in his question, the technologies are closely held and access to them is a problem.

Now, let me clarify. Under the existing policy, we welcome technology transfer to our public sector. So, there is no inhibition on that. In fact, I think, what the Study Group is saying is that you should more aggressively look for critical technologies on a global plane. It is the correct approach.

We are now talking about investment by foreign companies. That is allowed in some sectors of electronics. However, as far as Defence electronics is concerned, it is in public sector. It is not Government's policy to change that. I can say that in a very categorical sense.

As far as other strategic sectors are concerned, if they are subject to licensing and if there are specific proposals made because strategic sectors can also mean things like radars for cyclone warning or whatever it is. Now, those will have to be looked at on a case-to-case basis.

[Translation]

PROF. OM PAL SINGH 'NIDAR' : Mr. Chairman, Sir, I am asking a simple question from the hon. Minister that whether we will have research work in our own country regarding latest technology or will go on importing it from other countries. Just now, it has been said about up-to-date technology whether we will go on importing it from abroad to will do research work in the country ?

SHRI YOGENDER K. ALAGH : I want to assume the Hon. Member that outlay is being provided for the technology, needed for the development of the country and essential for the strategical objectives. If you see the approach paper of 9th five year plan, priority has been given to the Mission oriented technology Research work.

[English]

Poverty Alleviation programmes

*344. SHRIMATI LAKSHMI PANABAKA : Will the

Minister of RURAL AREAS AND EMPLOYMENT be pleased to state :

(a) whether the Poverty Alleviation Programmes continue to suffer due to non allocation of sufficient funds;

(b) if so, whether attention of the Government has been drawn to the news-item captioned 'Poverty Alleviation: continuity a casualty' appearing in the 'Hindu' dated February 21, 1997;

(c) whether the Government have agreed to provide sufficient funds to remove the poverty in the country; and

(d) if so, the total funds so far allocated and whether all the schemes of Jawahar Rozgar Yojana etc. are likely to be fully implemented to improve the lot of poor people in the country ?

THE MINISTER OF RURAL AREAS AND EMPLOYMENT (SHRI KINJARAPPU YERRANNAIDU) : (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) No, Sir. The problem of rural poverty has been on the top of the development agenda of the Government since independence. The central allocation for poverty alleviation programmes has progressively increased from the 7th Plan to the 8th Plan.

In addition to the funds for poverty alleviation programmes, since 1996-97, the Government is providing additional central assistance to States and UTs for Basic Minimum Services.

(b) Yes, Sir. The Government's attention has been drawn to the news item captioned 'Poverty alleviation continuity a casualty'.

(c) and (d) Priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty is one of the main objectives of the 9th Plan as per the Approach Paper. Government, therefore, proposes to provide adequate funds in the 9th Plan for poverty alleviation programmes.

The 8th Plan outlay and funds released/to be released for

- (i) wage employment and allied programmes.
 - (ii) self employment and allied programmes.
 - (iii) Area Development Programmes and
 - (iv) Social Assistance Programme.
- are given in Annexure.

All necessary steps are taken by the Government to fully implement these programmes to improve the lot of poor in the country.