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Title: Reported decision regarding removal of FDI Cap.

SHRI RUPCHAND PAL (HOOGHLY): Sir, at the very outset, I would like to say that very recently, the Government has taken a very serious decision with regard to removing the FDI cap, the existing ceiling in various sectors of Foreign Direct Investment and that too has been done at a time when the Parliament is in Session ignoring the Parliament and taking such a serious decision which has implications for the whole of our economy, for our export, for our industries and that is endangering our security and sovereignty also.

As you know, for example, in the retail sector, in the multi-branded products and the single-branded products, because of our countrymen, more than four crore people are involved in retail trading. Because of the widespread demands of the nation, the Government has not till today agreed to allow FDI in respect of all the retail-related sectors. There is a cap. For our self-reliance, it is necessary. The Government, all these decades, has honoured partly, at least, some of the commitments in respect of protecting our sovereignty and our self-reliance. [\[R13\]](#)

Now, this sudden decision of allowing foreign direct investment by backdoor through Indian companies will ruin the whole prospect of the Indian domestic sector and it will weaken our position.

For example, in the insurance sector, we have been opposing wholeheartedly the attempt to raise foreign direct investment from 26 per cent to 49 per cent as it will be disastrous for our insurance sector. The Government has now come out with a Bill and that Bill is under the consideration of the Standing Committee. The Minister of Parliamentary Affairs is present here. I would like to bring to his notice that the Insurance Bill in respect of raising the FDI limit from 26 per cent to 49 per cent is very much under the consideration of the Standing Committee. At such a time, without caring for the recommendation of the Standing Committee, the Government has taken a decision in respect of foreign direct investment which virtually means that this House does not exist and the Standing Committee does not exist. It is contempt of the House. I bring a serious charge against the Government that it is contempt of the House. By doing this Act, they have ignored the Parliament, they have bypassed the Parliament when it is in Session and they have committed a serious contempt by not waiting for the recommendation of the Standing Committee.

There is another serious aspect to it. All along, we have been trying to protect our indigenous defence production because nobody is prepared to give us the technology to help us at the time of our need. So, we have built it up on our own. Thanks to our scientists, thanks to our technicians, we have built up a very powerful infrastructure in our defence production sector. By this decision of the Cabinet to allow the backdoor entry of FDI through Indian companies, the foreign companies are virtually trying to enter our defence market in a big way. It will weaken our infrastructure and it will weaken our security at such a time when we are facing terrorist attacks and also when we are subjected to any type of harassment at the hands of our neighbouring countries. At such a time, weakening the defence infrastructure by allowing backdoor entry of FDI is not correct.

The Government owes an explanation to the Parliament. Very few days are left. The Government should explain the reasons behind it. I was trying to speak to a Minister just a few minutes back. It is not, as has been explained by him, a harmonisation of the rules. It is being said that some take over has taken place in the private sector through some complex holdings and all those things. That is a different issue. There are laws, existing provisions are there and the Government can very well take care of those manipulations if they have the will to do that. It is being said that there is recession, there is shortage of capital, we need capital, we have a certain target of 35 billion dollars etc. but now we have only 19 billion dollars and so if we open it up the capital will rush like anything. But if we go by this logic and open it up, it will displace the economy as has happened in the Western world. We could protect our banking sector, our insurance sector and our pension fund to some extent because of the pressure of the Left Parties. At least partially we have not been affected as seriously as it has affected the Western World, United States of America, United Kingdom and other countries. But what are you doing now? You are weakening the whole infrastructure which has been safe in this period of serious global meltdown. [\[R14\]](#) [\[r15\]](#) I strongly oppose the decision and I demand that the Government owes it to the Parliament to explain why they have taken such a decision when the Parliament is in Session; why they have taken such a decision when a Standing Committee is considering the implications of raising of FDI in respect of the insurance sector; why they have taken such a decision at a time when we need to build up our self-reliance and strengthen our defence production infrastructure, when they know fully well that by this wrong route, by this diverted route the FDI will enter in the backdoor to the domestic Indian companies.

Once again, I seek your protection, Sir. The Minister is present in the House, he can assure this House that they will come to the House and explain why they have taken such a disastrous step.

SHRI KINJARAPU YERRANNAIDU (SRIKAKULAM): Sir, I would like to say something.

MR. DEPUTY-SPEAKER: Do you want to say something on the same matter?

SHRI KINJARAPU YERRANNAIDU : No Sir. I am on a different issue.

Sir, today the hon. Speaker has admitted a discussion under Rule 193 on the situation arising out of alleged mismanagement of the affairs of the Satyam Computer Services Limited.

MR. DEPUTY-SPEAKER: No, you are not allowed to speak on that.

SHRI KINJARAPU YERRANNAIDU : Sir, please listen to me for one minute...(Interruptions)

MR. DEPUTY-SPEAKER: You are not allowed please.

SHRI KINJARAPU YERRANNAIDU: Sir, the Minister of Parliamentary Affairs is present in the House...(Interruptions)

MR. DEPUTY-SPEAKER: Nothing will go on record. I am sorry.

*(Interruptions) â€Œ**

SHRI RUPCHAND PAL : Sir, we have not yet heard what will be the fate of the discussion...(Interruptions)

MR. DEPUTY-SPEAKER: Nothing is going on record.

...(Interruptions)

MR. DEPUTY-SPEAKER: Mr. Yerrannaidu, when the discussion takes place, you can put forth your submission at that time.

...(Interruptions)

MR. DEPUTY-SPEAKER: Nothing will go on record.

*(Interruptions) â€Œ**

MR. DEPUTY-SPEAKER: Now, we will take up remaining matters of urgent public importance.

...(Interruptions)

SHRI RUPCHAND PAL : Sir, it is listed in today's Revised List of Business at No.22. Why has it not been taken up?...(Interruptions)

MR. DEPUTY-SPEAKER: You can put your views when the discussion on this takes place.

...(Interruptions)

MR. DEPUTY-SPEAKER: The hon. Speaker will decide.

...(Interruptions)

SHRI KINJARAPU YERRANNAIDU : Sir, the whole nation is watching...(Interruptions)

MR. DEPUTY-SPEAKER: Nothing will go on record.

*(Interruptions) â€Œ**

MR. DEPUTY-SPEAKER: Please listen to me.

...(Interruptions)

* Not recorded.

MR. DEPUTY-SPEAKER: Please sit down now.

...(Interruptions)

MR. DEPUTY-SPEAKER: Nothing is going on record.

(Interruptions) *â€

MR. DEPUTY-SPEAKER: Mr. Pal, you are a senior Member of this House. Please take your seat.

...(Interruptions)

MR. DEPUTY-SPEAKER: Please sit down.

...(Interruptions)

MR. DEPUTY-SPEAKER: I have to inform the hon. Members that there was a request from the hon. Leader of Opposition that the short duration discussion on mis-management of the affairs of the Satyam Computer Services Limited may not be taken up today. The Government has acceded to the request. The short duration discussion will be taken up on a date to be decided by the hon. Speaker.

SHRI KINJARAPU YERRANNAIDU : Sir, we express our protest and walk out of the House.

14.59 hrs

At this stage, Shri Kinjarapu Yerrannaidu and some other

hon. Members left the House

SHRI SURAVARAM SUDHAKAR REDDY (NALGONDA): Sir, we also protest and walk out of the House.

14.59 ½ hrs

At this stage, Shri Suravaram Sudhakar Reddy and some other

hon. Members left the House