

"That the Bill be passed."

their intention was to get it passed without discussion.

MR. DEPUTY SPEAKER: The question is:

[English]

"That the Bill be passed."

*The motion was adopted.*

THE MINISTER OF WATER RESOURCES AND MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI VIDYACHARAN SHUKLA): Sir, it has been decided that this Bill be passed without discussion. This was brought before the Business Advisory Committee by the hon. Speaker. Several hon. Members from various Parties represent the Business Advisory Committee. The Business Advisory Committee recommended to the House that this Bill should be passed without discussion. The Report of the Business Advisory Committee was presented to the House and it was accepted by the House. So, this is the decision of the House that this Bill be passed without discussion. It is not my decision or the decision of the hon. Speaker. Nor is it the decision of anybody else. Shri Nitish Kumar is a party to this decision because he is a Member of the Business Advisory Committee. He cannot question the decision of the Business Advisory Committee.

15.04 hrs.

STATUTORY RESOLUTION RE: DISAPPROVAL OF THE FOREIGN EXCHANGE REGULATION (AMENDMENT) ORDINANCE AND FOREIGN EXCHANGE REGULATION (AMENDMENT) BILL

[English]

MR. DEPUTY SPEAKER: Now, we will take up the Statutory Resolution to be moved by Shri D. Venkateswara Rao.

SHRI NITISH KUMAR (Barh): I beg to move:

"That this house disapproves of the Foreign Exchange Regulation (Amendment) Ordinance, 1993 (Ordinance No.9 of 1993) promulgated by the President on the 8th January, 1993."

[Translation]

[Translation]

Mr. Deputy Speaker, Sir, there are many reasons behind bringing the resolution regarding disapproval of the Foreign Exchange Regulation (Amendment) Ordinance promulgated by the Government. First of all there was no urgency which warranted the promulgation of this Ordinance. If there is no amendment to the FERA, there could not have been any loss to the country. We had not gone back to the centuries nor could have heaven fallen. But I do not know why this Ordinance was brought. They have brought this Ordinance because slowly and slowly they have lost faith in the Parliament. Many Ordinances were brought in between and they wanted to get them passed without discussion. It will have farreaching effect on the country. They wanted that sort of bills.

SHRI NITISH KUMAR: I was not a part of that decision. I was not the member of the Business Advisory Committee. When the report of the Business Advisory Committee was presented to the House, some hon. Members had raised objections on it and asked for discussion on the FERA. The Hon. Speaker agreed to it, This is the only reason that a discussion on FERA. The Hon. Speaker agreed to it. This is the only reason that a discussion on FERA is taking place today. I am at a loss to know as to how long the hon. Minister of Parliamentary Affairs will be on probation. It appears that there is lack of coordination since there are 5 Ministers of Parliamentary Affairs. One or the other always remains present. May be, you had gone to the other House at that time. You should have asked about it from Shri Mukul Vasnik or Shri Kumaramangalam who were present here. There should be some sort of

[Sh. Nitish Kumar]

understanding among the hon. Ministers of Parliamentary Affairs.

SHRI VIDYACHARAN SHUKLA: We have good understanding.

SHRI NITISH KUMAR: Had there been co-ordination such things would not have come up. The hon. Speaker agreed to hold discussions on the FERA. That is why I was amazed at your statement. You are a senior member of Parliament. No one can doubt your knowledge of law but such things take place due to lack of co-ordination.

Mr. Deputy Speaker Sir, the discussion is taking place in the House, even if they do not want it. At first the ordinance was brought on FERA and not the amendment has been brought. The FERA was enacted in 1973. Today, I do not know whether your treat her you leader or not but the FERA was passed during the tenure of your late leader Indira ji but here the things are totally reverse. People used to talk about the Public sector at that time and the law breakers were taken to task. That was the period of progressive. Although we think that was merely an era of show, it was not real and that is why whenever, they got time, they turned towards the rightist. Today there is no difference between them. FERA deals with the cases relating to foreign exchange, and foreign investment in our country by foreign investors or NRIs who want to set up industries here, or want to acquire properties in the country here or in the foreign countries all these issues were in that. It was an important Bill but they thought not to bring it in the House and and they wanted to get it done through an ordinance. They were under the pressure of the IMF and the World Bank. It was their main intention. They compromised with the basic spirit and the sovereignty of the country. This is the only reason for getting it done through an Ordinance. That is why I have moved the resolution regarding disapproval of the Ordinance. The Bill, which has been brought to amend the FERA will be passed now. The provisions made in the

Ordinance to amend FERA will aggravate the situation. It is giving encouragement to blackmarketing in foreign currency. Earlier if anyone stayed in a hotel, he was not allowed to make payment in foreign currency. There was an account of it. Now you have allowed to pay in foreign exchange or in our own currency. If it was paid in our own currency then there was any agency for the conversion of it but now there is no such restriction. People will come and stay in hotels. They will pay in foreign exchange and the hotel employees will make conversion in our own currency and the whole of the foreign exchange will be used for blackmarketing. It will give encouragement to blackmarketing.

The Government is making one more provision that anyone can keep foreign exchange upto 15000 rupees. I do not know, what is the need of it. In this way anyone can keep foreign exchange in his house upto any extent. He will keep it in his house on the please that some other persons have kept the amount for safety reasons and he will go scot free. In this way foreign exchange will be accumulated by wrong means and the trader who does his business through foreign exchange will run short of it. Foreign exchange will be amassed by the smugglers. This law is going to be beneficial to the smugglers. They can purchase anything and they are not supposed to place the account of the foreign exchange. Foreign exchange can be amassed, goods can be purchased and there will be no obstacle in it.

There is one more provision in it that a foreign company can purchase immovable property in our country. Likewise anyone can purchase property in any foreign country and if anyone wants to settle in a foreign country, he can do so. Earlier if someone wanted to settle in a foreign country, he can do so. Earlier if someone wanted to settle in a foreign country then it was observed that there was no tax liability of this person in this country, he could go after clearing that but now there is no provision to check it. In this way tax evasion will be encouraged. I am at a loss to know the benefit of this act. The smugglers will use foreign exchange, it will

go to the black-market, accumulation of foreign exchange will get encouragement, the black-money will get encouragement and the economy of number two will be on the rise.

We do not know how the country is going to benefit from this and how the foreign exchange reserve would increase. We fail to understand the logic. But this much is clear that the blackmarketeers, smugglers and multinational companies would certainly benefit. The influence of multinational companies would increase and the tax evaders would benefit.

Mr. Deputy Speaker, Sir, that is why my submission is that it is a bill of far reaching consequences. We do not think it proper to hurriedly go through the bill after issuing the ordinance. That is why we have moved the motion of disapproval. I want that the Government should withdraw this Bill as it is not in the interest of the country. It will compromise the sovereignty and dignity of the country and it would promote smuggling and Black marketing. Therefore, I appeal that as there is no thing which would serve the national interest, this Bill should be withdrawn and the statutory resolution of disapproval should be passed in the House so that this law becomes invalid.

[English]

MR. DEPUTY SPEAKER: Motion moved. "That this House disapproves of the Foreign Exchange Regulation (Amendment) Ordinance, 1993 (Ordinance No. 9 of 1993) promulgated by the President on the 8th January, 1993".

[Translation]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): Sir, for quite some time a need was being felt for comprehensive review of Foreign Exchange Regulation Act, 1973. In view of the changes in economic policy particularly, lib-

eralisation in the industrial field and changing policies for free trade economy, it had become essential that there should be free flow of foreign capital and investment to accelerate the industrial development in the country. As a result an announcement was made in the Budget speech of 1992-93 that the Government propose to bring comprehensive amendments to the foreign Exchange Regulation Act. 1973.

It was stated that as a result of complicated and tedious procedural controls the economic development in the country was stifled and our initiative of entrepreneurship was weak. Therefore, the Government tried to free the economy of unnecessary controls by deregulation and liberalisation. The liberalisation and globalisation of trade and making it a part of the international system could not be delayed and that is why we came up with this bill which seeks to deregulate the Foreign Exchange Regulation Act.

Two vital things for development today are expansion of modern technology and development of market. This is also significant from investment and capital point of view. If we want to become part of the international system we have to promote foreign investment so that foreign technology comes to the country and development gets a boost. Similarly, we should encourage technical manpower to take initiative in setting up industries in foreign countries so that we get more income.

During the last fifty years we have been continuously regulating and controlling foreign exchange and trying to remove the shortcomings of the system. We have made the law so complicated that there is delay because of redtapism and problems because of other wrangles. There are cases where people need foreign exchange to carry on their business. We can deregulate the foreign exchange and thereby save lot of trouble of the people, besides making the system more flexible. When we enforce controls, we try to find whether there is any benefit. If there is no fruitful benefit we would not only incur more costs but it would also

[Dr. Abrar Ahmed]

(2)

affect trade exports and investment. On the other hand if we go in for deregulation of foreign exchange we would pave way for speedy development, high investment, employment and create circumstances for ushering in a modern economy.

To meet these objectives the Foreign Exchange Regulation (Amendment) Bill, 1992 was circulated in the winter session of Lok Sabha and it could not be taken up because of House being adjourned time and again and because we were preoccupied with other important matters. As immediate action had to be taken and the House was not in session the Foreign Exchange Regulation (Amendment) Ordinance, 1993 (No. 9 of 1993) was issued by the President. Now the objective of this Bill is to substitute the said Ordinance and meet the aforesaid aims:

Sir, I beg to move:

"That the Bill further to amend the Foreign Exchange Regulation Act, 1973 be taken into consideration".

[English]

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Foreign Exchange Regulation Act, 1973, be taken into consideration."

[Translation]

SHRI SANTOSH KUMAR GANGWAR (Bareilly): Mr. Deputy Speaker, Sir, I beg to move:

"That the Bill be circulated for eliciting public opinion there on by 7th June 1993."(1)

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Mr. Deputy Speaker, Sir, I beg to move:

"That the Bill be circulated for eliciting public opinion there on by 13th August, 1993."

PROF. RASA SINGH RAWAT(Ajmer):  
Mr. Deputy Speaker, Sir, I beg to move:

"That the Bill be circulated for eliciting public opinion there on by 25th June, 1993".  
(3)

SHRI ASTBUHA PRASAD SHUKLA (Khalilabad): Mr. Deputy Speaker, Sir, I beg to move:

"That the Bill be circulated for eliciting public opinion thereon by 18th August, 1993."  
(4)

SHRI GUMAN MAL LODHA(Pali): Mr. Deputy Speaker Sir, through this Foreign Exchange Regulation (Amendment) Bill we are removing the earlier restrictions on foreign exchange and giving a free hand to international smugglers and foreign exchange racketeers to play with our economy and destroy it. I would say that India would now become International smugglers' paradise. This amendment is a complete about turn from earlier policies and we are moving in the wrong direction. The country would become a haven for smugglers. The Government cannot sell the country in the name of liberalisation and free trade policies. It does not mean that all the control and regulation were good. But to some extent it used to protect the economy from exploitation by smugglers.

[SHRI NITISH KUMAR *in the Chair*]

15.22.hrs.

Mr. Chairman, Sir, I would like you to forgive us as we are unable to support it in the name of liberalisation. There is not one amendment but several amendments to the existing law. Gold, silver, jewellery and other things which are the backbone of a should economy have been freed from many restrictions. besides in Imports-exports too there would be no restrictions. Since India is a developing country, its economy cannot stand in competition with other nations'

economy. This amendment will not only increase blackmarketing but also make international smuggler gangs more active. The eminent economists, columnists, journalists and other economic experts are of the view, that it is not a progressive but a suicidal step which will shatter the entire economy of the country. Till now, one could have foreign exchange worth rupees 500/- and now by amending that provision, they have increased this ceiling to rupees 15,000/-. In this situation any individual can form a group of 20-25 persons to have a large amount of foreign exchange worth lakhs of rupees to go in for an open blackmarketing. Everybody knows it that under the present economic set up of the country hitherto protection and incentives have been given to the industries and business people and we have had laws to their benefit. The proposed legislation seeks to provide this relaxation while the Minister is saying in another content that whosoever is able to stand in the competition will be able to get the benefits of free enterprise, free economy and free business. It means that we shall have to face competition and as per their version, it will not affect the economy of the country. But I would like to submit that with this Foreign Exchange Bill, we are going to ruin our economy and we therefore oppose this piece of legislation. An amendment is sought to be made regarding metals like gold, silver etc. It provides that if N.R.Is' share in those companies is 40 per cent and above they will have a right to acquire wealth. Today, Indian nationals cannot acquire property in Kashmir because it is prohibited for them. Our own countrymen are not allowed to start their business there. But foreign nationals like Americans, Japanese, Chinese and the people of other European countries are being allowed to acquire properties in this country. This needs to be given a serious thought. What will be the fate of the poor labourers, farmers, middle class people and other ordinary man because these foreign nationals will try to purchase all the available land and industries according to their financial capacity and then they will sell those properties at a very high price to exploit the local people. So an open market is being created for our exploitation. It is for this

reason, I oppose it and request the government to reconsider it.

This is our misfortune that though we have provided for socialism in the preamble of our constitution and we also talk of it and where there is a speech, a seminar or the Ministers or other come forward to talk about a political philosophy they talk of socialism, such pieces of legislation are paying a path of destruction for socialism.

Over all these years our economy has not been successful. It needed no control but a radical change. However all these years our economy has not been successful. It needed no control but a radical change. However it is now that they are striving to do the same by handing over the ruins of our economy to the foreigners. Be it I.M.F. or World Bank or Industrialists or multimillionaires of Japan they are controlling our economy according to their whims and fancies. In a way we have given a burial to our vision of homeland and home rule and the entire economy has been totally reversed. There is no doubt in it that we are playing in the hands of foreign powers.

We had enacted FERA with a view to put a curb on economic offences committed by the white collared people engaged in smuggling of foreign goods. Contrary to that, today we are doing away with that curb and welcoming this step. I do not think that it is going to benefit the nation in any way. Just now an example of a foreign tourist has been given. With the enactment of proposed legislation, such tourist will be able to go in four unrestricted black marketing of foreign exchange in this country. In this sense, it has become a paradise country. I want to say that here in this House we take oath of Indian constitution as well as of socialism. We are here to take care of the national interests and not to barter them, but with this black law we are moving in the same direction.

Mr. Chairman, Sir, one more dangerous provision has been made. Hitherto, the unaccounted money used to be taken one of

[Sh. Guman Mal Lodha]

the country without the permission of the Reserve Bank of India and kept by the people in the lockers of swiss banks which wa a serious offence and could attract severe punishment. When Bofors issue came up, we came to know that money had been withdrawn from those secret accounts. Sir, now when the provisions of the law have been relaxed, one can take away money from here to purchase a bungalow and some property in switzerland and lead a luxurios life in Europe. These persons who take away Indian currency outside the country have indulged in blackmarketing and smuggling and exploiting the people of this country while on the other hand, they have a heavy tax liability of crores of rupees in India and without paying their tax, they have gone abroad to settle there. Previously one could go outside the country only after paying his taxes here in India. But now this restriction has been removed I am unable to understand waht sort of liberalisation in this. This is nothing but to yield to the foreign powers which will destroy the Indian economy. I, therefore, oppose this move and request our Finance Mnister to reconsider it and not to barter the interests of the contry to the foreign powers in the name of liberalization of economy other with the history will repeat itself and India might go the way it had gone during the days of lord Clive and East India Company who presented a very rosy picture of India. Even Portugese and french people came here to exploit india in the name of economic development and finally became the rulers of this country. Sir, now that thing is not at all possible because India has awakened but the Government should realise the situation because they are going to exploit us economically, we should therefore take care not to get entrapped in the conspiracy of foreign powers against the country.

Mr. Chairman, Sir, an amendment in FERA, means that we are surrendering before black marketeers and smugglers. Some time back we had enacted a law extending the validity period of Essential commodities Act by another five years. Even in remote

areas small traders who are dealing in small items like matchboxes and sugar, have to face summary trial for petty offences like non-display of price list in their shops and in case of conviction they may be awarded three months imprisonment, with no scope of making an appeal or seeking bail. They can neither make an appeal against it nor can go to court to seek justice. This back law is meant to harass the small time traders only and to benefit the big industrialists and businessman for whom national interests are being ignored. Sometime black there ws an incident of gas leakage at Kalayan in which dozens of persons died and hundreds of them injured but the owners of that industry were not put behind bars, for that mishap. We may see that in this case, action was taken only against the Vice President and the Manager.

[English]

You are leaving the head and catching the tail.

[Translation]

Century Rayon Mills is a concern of Birlas and nobody raises a fingure on them because with their money, they have been financing each and every election. It is eroding the fairness of elections in this country. In fact this black law is the result of that collusion between the businessman and the politicians.

I, therefore, oppose this yielding to the black marketeers, smugglers, foreign business magnets and request the hon. Minster to leave aside the plank of socialism and remove it from the Constitution through are amendment. You have buried it, even then it is very much there. I do not talk about those persons who do not have courage of conviction and whether it is against or in favour of the prevailing situation in the country. My only request is that this black law should be withdrawn

SHRI NAWAL KISHORE RAI (Sitamarhi): Mr. Chairman, Sir, through you :

would like to oppose the Foreign exchange Regulation (Amendment) Bill. While continuing on the line of approach of the hon. Members, who spoke earlier to me, I would like to submit that this Bill will not only encourage smuggling and blackmarketing but will also prove a country side saying correct that only semblance of control will be left in our hands while in reality things will go beyond control. Further, I would like to submit that in utter disregard to the importance of this greatest democratic institution, the Parliament, the Government had been continuously promulgating Ordinances and till now, in the recent times 24 Ordinances have been promulgated.

Sir, through you, I would like to oppose this Bill and also oppose the attempts and intentions of the government to undermine the authority and importance of the Parliament. we condemn such nefarious designs of the government. Through you, I would like to submit that the heavens would not have fallen had this Ordinance to amend FERA not been promulgated. The manner in which this Ordinance was promulgated and this Bill to replace the Ordinance has been move in the Lok Sabha, clearly indicates that the government in the name of liberalisation wants to take the country in the retrograde direction and in addition, also prove that the government does not attach much importance to the Parliament. Because earlier the Parliament used to remain in session for 8-9 months while now for only 4-6 months while now for only 4-6 months the Parliament remains in session and despite this, Ordinances continue to be promulgated. at the instance of the World Bank and the IMF, not only the Budget is being formulated but laws too are being amended overnight. The Ordinance to amend FERA was promulgated at the instance of the World Bank like to submit that all this proves that only a semblance of control is in our hands, while in reality things are going haywire i.e. are beyond our control.

This Government of India promulgates Ordinances at the instance of the world Bank, the IMF and the multinational

companies to liberalise economic and industrial policies. This Ordinance is a testimony to the fact that the Government is toeing their line of approach. I would like to submit that the Government must change its approach of handing over the reins to somebody else and of showing utter disregard to the Indian Parliament by continuously promulgating Ordinances. We oppose the approach and intentions of the Government.

Sir, in this Bill a provision for increasing the limit for keeping foreign exchange from 500 to 1500 interms of foreign currency has been made. This Bill to replace the Ordinance is subsequent to the pre-Budget reduction in import duties on electronic goods. The provision in this Bill to increase the limit to retain foreign exchange will encourage black marketing and will also boost the activities of the international gangs engaged in smuggling and black marketing of foreign exchange. This Bill will endanger the sovereignty, social values and the principle of economic equality, of the country. Sir, through you, we would like to oppose this Bill. I would like the Minister to withdraw this Bill before it is passed in the House because the people including the newspaper editorials and well know economists are commenting that this Bill will encourage smuggling and blackmarketing of foreign exchange. In the name of liberalisation, all sorts of ills are being inflicted upon the country and the country is being administered at the instance of the World Bank and the IMF. This Bill testifies all these fears and apprehensions and that's why we oppose this Bill so that black marketing, smuggling of foreign exchange and the activities of the international gangs could be curbed.

Mr. Chairman, Sir, therefore, through you, we would like to submit to the hon. Minister to withdraw this Bill. I would like to thank you for giving me the opportunity to speak.

PROF. RASA SINGH RAWAT (Ajmer): Mr. Chairman, Sir, through you, I would like to strongly oppose the foreign Exchange Regulation (Amendment) Bill introduced in the

House by the government as its provisions are contrary to the national interests. We were under the impression that with liberalisation, all harmful controls in the country will be done away with and the national interests will be held supreme. I would like to quote a couplet of a Urdu poet regarding the policies of liberalisation, de-licensing and de-permitting which is quite appropriate in this connection:

" Haar Samjhe Baithe the, Jise Gala  
Apna sananne Ko,  
Ve Hi Nagg Ban Baithe Hamain Das  
Jane Ko"

After the ayodhya episode, in haste to prevent the country's prestige from going down in the eyes of the foreigners the Government has sacrificed the national interest under pressure from Japan and multinational companies and to safeguard the interests of NRIs in preference to our national interests. With this view the Government has come forward with several amendments to FERA.

Mr. Chairman, Sir, through you, I would like to remind the House that today, the 23rd March, the revolutionaries like Bhagat Singh, Rajguru and Sukhdev happily went to gallows. I am quite startled to see that the government chose the martyrdom day of these great revolutionaries for moving this Bill in the House. Whereas they had dreamt to set free the country from the shackles of bondage and to make the country self-reliant and self-sufficient, while maintaining and preserving the cultural ethos of the country. They wanted the country to develop. In my eyes, this black Bill, introduced by the Government, is detrimental to the interests of the country and to the spirit of nationalism and self-reliance shown by these martyrs. In addition, the sovereignty... (Interruptions) Of course, today is the birth anniversary of Dr. Lohia but it is also the martyrdom day of Bhagat Singh, Rajguru and Sukhdev. Dr. Lohia was a socialist and he also emphasised upon self-reliance. I am amazed by the

wisdom of the Government for selecting this day, the day on which revolutionaries sacrificed their lives for the country, to introduce the Bill. This Bill has been brought on the eve of Indian New Year Day, the day on which the pioneer, among the freedom fighters, Maharishi Day Anand Saraswati, announced the formation of Arya Samaj. The example of the East India Company is too well known to all of us.

Britishers though came to India as traders subsequently became rulers of the country. The constituency, which I represent today i.e. Ajmer was once visited by Sir Thomas Roe for meeting Emperor Jehangir. He requested the emperor to grant the permission to trade in Surat, as they had come to India for trading. Emperor Jehangir granted permission to him for starting trading activities in Surat. With the passage of time, East India Company was set up in the country and gradually it became the ruler of the entire country. They will become dominant. By removing all the restrictions, in the name of earning foreign exchange, in the name of attracting foreign capital investment and in the name of encouraging exports, this Government is doing everything for greed and greed is responsible for all evils. So though you, I would like to request Government not to ignore the interests of the country, otherwise these foreign companies, foreign techniques, foreign consultants and foreign capital will encourage black-marketing and smuggling of heroin, L.H.D. etc. If the foreigners and foreign techniques will come in the country, where the talented people of India will go?

Sir, therefore, through you, I would like to request that in the name of economic liberalisation, the excess done by the Government is not good, because excess of everything is bad. Now Reserve Bank of India has been left with very little authority. Foreign nationals, who are interested to invest in India can do so after intimating the Reserve Bank of India. Likewise, Indians interested in investment outside the country can do so. In other words, foreigners are not allowed to amass property in India. I think

it is not in the interest of the country. It will be dangerous for country's sovereignty, independence, existence and self-respect. so, Mr. Chairman, Sir, through you, I would like to submit that the Government should reconsider this new FERA regulation, which has been amended in a hasty manner to attract foreign capital investment. This House should appoint a Joint Committee to discuss this matter. After discussion it should be brought again in this House in the form of a comprehensive proposal which should serve the interests of the country.

Mr. Chairman, Sir, through you, I would like to say that there should be some restrictions on the inflow of foreign money. I would like to say that you may have heard the story of King Midas. This Government has become the delusive Mayadas, which is doing these misdeeds in greed. In good old days, our country was called the golden sparrow and since independence we have trying to be self-reliant. We are also trying to encourage our own industries, capital and public but our Government is going to be dependent on foreign assistance. Sir, you know that 'bondage is the very antithesis of happiness. So we should not surrender to the multinational companies or to foreign capital. I am saying this because at present our country owes Rs. 2,43,314 thousand crore and by dividing it to its population of 87 crore, it comes to Rs. 2693 per capita including new born babies.

It is allowed to go on like this, our country will face so many problems to repay this debt. So the policy of seeking loans from the World Bank, multinational companies and I.M.F. should be stopped immediately. Government's policy acquiring foreign capital without any restrictions is not good.

Sir, recently we had a security scam in which the money of banks amounting to Rs. 5000 crore is involved. Our joint Parliamentary Committee is inquiring into it and we will know its outcome later. But in the manner our government is inviting foreigners and foreign capital, we will have so many other

scams in foreign money also. This will be a stigma on our country and create problems. I would like to say that Government should withdraw this Bill to save the country from evil of smuggling, black marketing, external debt and external pressures and protect country's self-reliance, honour and self respect. It should be brought again in this House for approval after incorporating necessary amendments.

[English]

PROF. SUSANTA CHAKRABORTY (Howrah): Mr. Chairman, Sir, to have any discussion on the foreign exchange regulation (Amendment) Bill is to discuss about the surrender of our country to the caprices of the multinationals, to the conditionalities imposed upon us by the International Monetary fund and the World Bank.

Sir, for the last three years we from our side tried to draw the attention of the Government to this front. In our country there was a time when we thought in our wisdom that apart from other things, we must lay emphasis upon developing our internal resources, upon generating them, upon creating employment opportunities in our country and upon utilising the natural resources of our country based on the technical know-how that we have already achieved and to curb the power of monopoly to fight against the concentration of wealth. It is with this end in view, Sir, that in our country we brought the Act under the name and title of Monopolies and restrictive Trade Practices Act. Inside the country, we wanted that the resources that are generated by the toil of the people, by the sweat of their brow, are to be distributed equally. The question of distributing social justice has acquired much importance in the thinking of our political leaders, of the Government of the time and on the external front, having our experience of how foreign nationals can exploit our country, how the valuable metallurgical coal was exploited by them in their own interest, we decided that there should be some sort of regulations to conserve foreign exchange in our country and to stop the outflow of

[Prof. Susanta Chakraborty]

foreign capital from our country and we decided this in order to make our country self-sufficient. So, behind all these two things - the MRTP and FERA Acts - there - was the question of self-sustained growth, there was the question of developing or bringing out self-reliance in our economy. Now, Sir, this Government bade good-bye to this concept. So, the MRTP has been withdrawn and now we see that the Foreign Exchange Regulation Act is being amended or changed. It is almost entirely a new Act going by the provisions of the Act. We knew it; when Dr. Manmohan Singh placed his budget in the year 1992-93 he told the people of our country that we are going to do this'. We knew of it when we went through the letter of Intent given to the IMF in August 1991 when he promised to the IMF saying, 'Yes, we are going to bid good-bye to all sorts of regulations of foreign exchange'. Now, with this Ordinance, Sir, what we see is that 9 Sections have been amended and two sections - Section 88 and 73 - have been added. By removing the restrictions, what has been done here? Permission for joint ventures abroad is no longer needed. The resident Indians can possess foreign currency up to 500 permitted. The Reserve Bank of India is empowered to fine authorised dealers for violations. This is there. Only trade in gold or silver coins continue to be regulated under the Act. Next, exporters are allowed to take out goods on rental, lease, hire or any other arrangement not tantamount to disposal. The general Reserve Bank of India permission to hold immovable property abroad has been given. Curbs are off on FERA companies borrowing or raising deposits here as well as take-over or creating of any interest in business by way of transfer from a resident in India in their favour.

Sir, Section 25 of the FERA Act has been amended. By this, the restriction on the holdings of immovable property outside India has been withdrawn to enable the Reserve Bank of India to grant general permission subject to certain conditions.

Section 27 has been amended which has allowed the Indian firm to set up joint-ventures abroad has Indians to take up Directorship of foreign firms. With the addition of Section 18A, it seeks to regulate export of goods on lease, hire or any arrangement. By Section 73A, it empowers the Reserve Bank of India to levy penalty on authorised dealers for contravention of RBI directions or for failure to file the prescribed returns. These are the provisions. These changes have been made. What also can I call it? I would like to describe it that this is a liberalisation on external front. This is an object surrender to the conditionalities of the International Monetary Fund. When he moved it, the Minister argued that with these changes, they hope the foreign investment will come to our country. He also said: 'we hope that we shall receive foreign techniques and we will get the foreign technical know-how in our country. We hope the industries will be developed; problems in the employment front will be solved to a certain extent.' These are all day-dreams.

Sir, what is the condition of the country and what is the condition outside? Who will come here? What for will they come here? For what market will they come here? In our country, true to the class spirit of the ruling class, they have developed a market of people consisting around 10-15 crores. The market is very large in relation to the market of Australia or elsewhere. Are we interested in the development of only a section of people in our country? Do we mean that development of these people means the development of the country as a whole? What about the vulnerable sections of the society? What about those who live below the poverty-line? What about those youth who are seeking employment? What about those youth who have become frustrated, who could be assets to our country? We speak of human resource and human resource development. Yes, there are fine human beings. They have the ability; they have the genius. But our Government is not doing anything to make the human beings as human resources. Of course, there is the human failure. You have liberalised the

economy. You have changed the Industrial Policy. Every day, you tell us that so many offers have come. But, what is the actual position? How many of them have come, how much foreign investment has actually come and where is it? Is it in our basic industry and has it been spent for the infrastructural development of our country? No, it has not been spent on a single project. Do you believe that they, from outside, will make you self-sufficient and leave the market? If you believe that, you are living in a fool's paradise. If you go on producing such bills, I must say with all humility that you are digging the grave of our country. It shall be treated as the funeral Bill of our economy by the People of India. So, we cannot allow the passage of the Bill.

Sir, those foreign countries about whom the Minister and Members from the treasury Benches are speaking, they are in a recession. There is no order there. People there are becoming unemployed; the banks have failed and they want market. So, they want other countries to open their banks for their investment. Have you not gone through the papers about the banking, scam or the securities scam? Have you not seen, Mr. Minister, that out of nine lakh crore transactions that have been made by your foreign banks? From this experience

16.02 hrs.

[Shri Sharad Dighe *in the Chair*]

You should have learned something. But if one is adamant that he will not learn anything, then what is left to the lot of the country, is anybody's guess. He shall not wake up. But mind you men, people will not forgive you; mind you men, people are not going to allow you to sell our country in this way, to make India, again a new type of colony. We are opposed to this economic colonisation.

So, the hopes with which this Bill has been prepared and the hopes that the Minister conveyed to us just a few minutes

ago, are all false hopes. Investment from foreign countries is not coming. If it is coming, it is in this food processing industry. It is on those consumer goods, which the average people of our India do not want. And it is in those fields where investment is very little but the profit is very high. That is the way, history teaches us, that the empires once came with their colonies.

Side by side, I would request the Minister, through you, to look into the provisions of the Dunkel Draft, to look into the provisions that are there in the TRIMs and TRIPs. If we look at it, in this manner, that MRTP has been abolished, now FERAs Act is being amended for the benefit of the people living outside India, then that FERA Act has been amended to stop capital flight from our country but to encourage capital flight. There are the provisions of the TRIMs. If all these three are taken together and given a thought, then we shall see that there is nothing left of the Indian economy. So please, for heaven's sake, look into all these problems. Please do not throw the lots of the people, do not throw the lot of our country to the whimsies and caprices of the International Monetary Fund and the World Bank.

The nation will not forgive and the people will come to the streets. They will raise their voice of protest. Here, by numerical strength, you may partly win; but that will be detrimental to the interests of the people, it will be detrimental to the interests of the country. We have already suggested the alternative way. I would request the government in this connection, to again have a look into it. We have our natural resources; we have our people who are ready to work; we have the necessary technical know-how. So, you may depend on these things and raise the purchasing power of the people. A vast internal market is there, it is for you to explore; and you do not think of it. You are interested in the consumption market of 100 crores of people. But I am talking of market of 90 crores of people. You raise the purchasing power. On the basis of the consumption, build up the consumer good

[Prof. Susanta Chakraborty]

industry; on the basis of the pyramiddic structure of small and tiny industries, build up the large scale industries; and neutralise the price level and stop the capital flight that is the way to self-reliant growth.

Sir, we are unfortunate that the day-to-day account is not available with us. I spoke on it that from 1984 to 1989, more than 21.1 million dollar has gone out from India. The capital from our country goes abroad. It is put there in the Swiss Bank and comes back to our country and used for the scandals like Bofors and others. That is our loss. To prevent this, we must do something. So, I oppose the Bill, tooth and nail. I want the government not to make it, a prestige issue. The country's prestige and the country's honour is more than that of you people, so, to save the country, please withdraw the Bill and do, at least, a little duty to the people which you are not used to. Since independence, they have not done any of their duties that they should have done to the people, for the sake of the country. Now, at least, wake up to the situation; after the aftermath of the ayodhya crises, your minority Government has come out with this ordinance. I do not know why. You waited for ten months. You dithered away the time. Now, you have come and that too in a hasty manner. Please do not try to pass this Bill with your numerical strength consider it again; withdraw it; take the opinion of the people and save the country. Thank you, Sir.

[Translation]

SHRI BHOGENDRA JHA (Madhubani):  
Mr. Chairman, sir, I had also given a notice of disapproval of the ordinance. I am glad that Shri Lodhaji and other hon. Members have spoken in support of it. Rarely there is a financial matter on which the opposition is unanimous. This is one such matter.

Mr. Chairman, Sir, for me it is a matter of anguish because I had made a significant contribution to the FERA Act in 1973 when

I was the member of Lok Sabha. This Bill is not an amendment to the parent Act but it is contrary to its intentions. The main objective of the Act was to streamline the flow of foreign exchange in the country. Now provisions like siphoning off of foreign currency or creating other bottlenecks are being added. All India Radio and Doordarshan are crying hoarse over the changes in the world. We know that there are changes. When the former President of America Shri Bush went to Japan to seek support for American goods in that country, he got unconscious at an official function held in his honour... (Interruptions) subsequently, the American people dislodged him. Our hon. Prime Minister is imitating the style. He made a slip at one place when he said that Mr. Yeltsin is the first person who made Russia democratic. But that person has acquired all the power. We are a developing country and in spite of our shortcomings we are producing each and everything indigenously. Today we have progressed because we pursued certain basic policies after Independence. This Bill was introduced at the time of Bank nationalisation and when the Privy purses were abolished. At that time the Prime Minister was expelled by the ruling Congress Party. But today we are trying to go against the spirit of the Bill. What are we inviting? We are trying to promote exports so that we can increase imports. Are we being trapped in a vicious circle? It is true we are backward in the matter of technology and scientific development. We do not have adequate resources. We want that foreign investment must flow. We would welcome investment by Non-resident Indians. We would not object if they take back the profits. But the danger is that we are not able to catch hold of the smugglers. Some of my friends rightly pointed out that it is an assault on our free policy. Recent bomb blasts in Bombay is just an example of the havoc caused by the smuggler's money. It is a great threat to not only our financial position but to political stability also. We have crossed all limits. By giving such concessions, we cannot reform smugglers we should curb the parallel economy which is run by these smugglers. Now we are again giving

concessions to black marketers. An order has been passed that there is no ban on bringing gold in the country anymore. No enquires would be made in this regard. Yesterday we passed a Bill and now there will be no ban on bringing any amount of foreign currency into the country. It has been reported in the Newspapers that Russia is asking for Dollars from America and American President has expressed the desire that Mr. Yeltsin should continue. There is foreign interference even in such a country which was one of the most powerful till some time back. I think by following a correct policy, we can still evade the possible threat there. I would like to forewarn that this Bill has sounded the death knell. The entire clause is being removed.

[English]

"To remove restrictions on the transfer of any security from a register in India to a register outside India."

[Translation]

The transfer would be done to any register anywhere in the world. There is no ceiling. The amount could be in millions or crores. Has the hon. Minister gone through the implications? Has the Cabinet deliberated upon it. Has the responsible officers prudently pondered over it or has it been done under pressure or on orders from elsewhere? I do not know the implications but there are provisions through which the property from here would be directly transferred in foreign hands. I cannot even believe that such a Bill can be presented in the House, what to talk of its passing. I have not said anything of my own, I have just given quotations. There should be a provision that if somebody works here, for example, an expert in any field, for him, there should be no restriction on transfer of money. He can be invited for his expertise which we lack. But if there is no restriction of transfer of foreign exchange it would be a great assault on our economic independence. The Congress party has history of bunglings and irregularities. That is why

people like us became communists in 1938-40. today when we are making tall claims about the Independence of the country, development and strengthening all the fields of economy, is it not a slur on the face of Parliament that at the same time we are introducing such a black law? Today is the martyrdom day of great men like Bhagat Singh, Rajguru and Sukhdev. I think it is a big assault on Parliament itself. If we read in between the lines of these previous we would come to know about the role of RBI and the Financial Department. I don't think that the multinational companies would set up consumer industries here. I am speaking from experience. We went to China recently where I enquired officially and otherwise also whether industries have been set up in 'Shanghai free trade zone' or Beijing area but we found that not even a single heavy industry has been set up by any foreign company.

I don't feel that they will set up in future also. The Britishers did not set up during their 200 year regime. The textile industry flourished on 'Charkha'. With the use of charkha an atmosphere of hatred was created against foreign cloths. It also worked as an advertisement for this purpose. When they were asked whether they had set up any heavy industry, they replied that they had set up a Bank. What happened to production? They have done it in a limited area, and not in this manner. They are giving them complete freedom. They are ignoring the rule of the law in the country. That is why I say that it is a very dangerous Bill. I would request them if they have given word to anyone for this or mortgaged their minds somewhere, even then they should at least circulate it to elicit public opinion. Do not make haste and do not make this terrible mistake. As the hon. Minister said, there were some lacunae at the time of passing this Bill. From 1973 to 1993 this law helped us in standing on our own legs. It also helped us in earning foreign exchange and achieving financial independence. Therefore, it should be improved and no mistake should be made. It was done in the C.R.P. from 1898 to 1973. I do not mind

[Sh. Bhogendra Jha]

for these changes but I oppose it as they are heading towards a dangerous direction.

Mr Chairman, Sir, it is a matter of happiness that the whole opposition is united on this issue. I would request my hon. friends of the Congress Party that they should join hands with the opposition in the national interest in opposing this Bill. If it is not possible to stop this Bill, you should disapprove this Bill and tell the government that the country is uppermost and Parliament is supreme. With these words I conclude.

[English]

SHRI P.G. NARAYANAM (Gobichettipalayam): Sir, the government has promulgated the Ordinance amending the provision of Foreign Exchange Regulation Act (FERA) 1973 with a view of creating more conducive climate for attracting foreign direct investment, increasing production and promoting exports. In terms of the Ordinance, nine sections have been deleted, 19 sections have been amended and two sections have been added. The Ordinance, which has the force of law, has multifaceted dimensions and needs careful scrutiny.

Now, with the introduction of many amendments in the Bill, including removal of many restrictions included in many sections of the act as well as omitting of many sections of the Act, the Indian industries particularly the medium scale and small scale industries would become defunct because they cannot face fierce competition by big industries and the goods produced by the foreign companies.

Sir, I would like to briefly touch various implications of some important amendments. Clause 5 seeks to remove restrictions on the import and export of gold, silver, jewellery and precious stones under Section 13 of the act.

By omitting section 13 of the Act, it is not

known whether the intention of the government is to prevent smuggling of these precious metals into the country.

Sir, instead of taking other stringent measures to prevent smuggling of gold and silver into the country, removing restrictions under Section 13 of the Act would help smugglers to sell them in the open market. Perhaps the intention of the Government is to increase the quantum of gold and silver in the country in whatever manner possible, because of the closure of some gold mines in the country.

Clause 14 seeks to omit Section 27 of the Act which provides for restrictions on persons resident in India associating themselves with or participating in concerns outside India. With the removal of restrictions under Section 27 of the Act, it would mean allowing or giving full freedom to the citizens of the country to indulge in activities inimical to the country's economic progress.

Sir, I strongly feel that there should be some kind of control over the residents in India to supervise their activities.

Clause 17 seeks to amend Section 30 of the Act. Its purpose is to remove restrictions on a foreign national taking up any employment in India in case where such national desires to acquire foreign exchange out of monies received by him in India. By removing the restrictions on a foreign national, it would mean flight of foreign exchange. This would enable the foreign national to remit the earnings to his relatives in foreign countries. Sir, only in those cases where sophisticated technology is involved for which foreign experts are necessary, the Government should permit remittances by them. But in all other cases restrictions should continue. Otherwise, the Government's liberalisation policy and the various concessions and exemptions given in the Budget proposals for 1993-94 would become meaningless.

Clause 19 seeks to omit Section 32 which provides for regulation for airlines,

etc. , on booking of passages outside India and restriction on foreign travel.

This would mean giving sweeping liberty to the citizens of India to do any business in the foreign countries and also to go to any country for which no permission is necessary. Also, they can stay in any foreign country for any number of years. If this is so, I would like to know whether the same kind of freedom is available to any foreign national to stay here in India for any number of years. Sir, with the recent anti-national activities which rocked Bombay, I feel it is not advisable to give full freedom to foreign nationals to carry on their anti-national activities under the guise of business and trade.

Clause 34 seeks to amend Section 71 (3) which enables raising the limit of possession of dollars from 8 to 500. Sir, by raising this limit, I feel that they benefit that may likely to accrue due to full convertibility of rupee would be nullified because the hawalas may become active and indulge in business in the currency exchange market.

Before I conclude Sir, I would like to say that the present FERA (Amendment) Bill, after its passage, will enable the Government to give approval freely for further expansion of big companies and the big business houses to grow more and more and reap the benefits under the liberalisation policy. This will lead to rich becoming richer and the poor becoming poorer, which I hope, is not the policy of the Government.

But the million dollar question is that in spite of the introduction of liberalisation and the introduction of the Industrial Policy in July 1991 and with the full convertibility of rupee and now with the passage of this FERA (Amendment) Bill, the Government can only have a pious hope that the goods produced by the Indian Industries will have automatic price advantage in the International market. It is highly doubtful whether the Indian goods will be able to stand the highly competitive international market. So, I oppose this Bill.

SHRI CHITTA BASU: (Barasat): Mr Chairman, Sir, I rise to oppose the Bill. The reasons of the opposition are many and I shall not get enough time to explain the basic reasons. Therefore, I would simply touch on certain points so that you could really understand the great implications of the Bill and the urgency and the need of supporting the disapproval motion moved by Shri Nitish Kumar.

Sir, FERA has been an Act which has been enacted in order to see that the national interests are duly protected. By national interests I simply mean to say that India's policy of self-reliance, India's policy of strengthening, deepening and expanding the economic base should be further promoted.

By strengthening the independent belts of India's economy it is meant that we shall import that kind of technology which is urgently needed. To say it in one word the import of technology should be selective and not by way of open invitation. This basic objective of the FERA Act has been defeated as this Bill wants to nullify or dismantle completely the Bill of 1973.

Sir, the Government has taken a very clever advice. They could have very well bring forward a new Bill taking into account the Government's present Economic policy, which I call as Structural Adjustment Programme (SAP). This is exactly a new Act, a new beginning to implement SAP. In order to create confusion in the mind of the Parliament, it has been brought in the form of an amendment. But, Sir, it is not at all an amendment. It is in violation of the basic objective of the parent Act. I am not raising a question on that at the present moment because it has been introduced and we are discussing it.

This Bill is pregnant with severe implications for the economic independence of the country. I would only bring to your notice 4 or 5 instances.

The first instance is that the foreign

[Sh. Chita Basu]

companies with less than 40 per cent of equity participation in any Indian company are entitled to open their branches in India.

That is, every foreign company which has every foreign investor, which has got 40 per cent equity in any company in India, can open their Offices all over the country. That means, you are giving a free access to them in all parts of the country.

Secondly, so far as these companies are concerned, they can acquire freely whole or part of any undertaking in India and carry on trade, commerce and industry as they like except in the case of agriculture and plantation. In course of time if this continues to be the policy of the Government, they will also be allowed to enter into agriculture and allowed to enter into plantation also. Therefore, the entire economy of our country has been widely opened for the foreign companies. These companies may borrow funds, raise deposits, take over and create interest in this country. Earlier, there was an argument in favour of MNCs on they are not only bringing in new technology but they are also bringing in new capital. Now by this Amendment or by dismantling this FERA, you are allowing the multinational companies to raise funds from within this country, to create interest and for furtherance of their business interests, they will not be very glad to import capital. They will raise money; they will raise capital from this country, they will raise interest in this country and increase the quantum of profit and it will be repatriated. Therefore, it is not actually import of capital, it amounts, in this process, as some of my friends were saying, a vicious process of export-import and import-export syndrome. This out-flow of Indian capital outside will be in the form of profits and the ability or capacity to repatriate it. Therefore, it is not a Bill which brings in foreign capital but it will also open the door for the out-flow of nation's capital.

This Bill also allows foreign airlines, shipping companies, travel agents to carry

on their business in this country. You are a knowledgeable person Mr. Home Minister. It is not directly related. I am just citing the example of Dunkel proposal. They also want that the service sectors of our country should be opened to foreign multi-nationals and foreign capital.

Therefore, you know that trade-related investment measures are required. Banks are to be opened. Insurance companies are to be opened. Service sector is to be made open for penetration of foreign capital. This is one of the conditions of the IMF. This is one of the items of the Dunkel Draft proposal. You were bringing all these things into the country's economy, through this min-schievous Bill. Had you been moral enough or courageous enough, you could have brought a separate Bill saying that you are going to accept the Dunkel proposal, saying that you want to allow foreign capital to enter into service sector and you are going to invite foreign capital to enter into insurance, de-nationalise industries, de-nationalise banks and so on. If this would have been honest effort that if this would have been the courageous effort, the country would have known what you are. Your face might have unmasked. Now, you want to mask yourself and you want to confuse us. I think many of the Opposition Members would not be in confused list on the objective of this Bill which is to destroy the independent economy of our country and which is to destroy the sovereignty of our country.

This is a step towards selling away the country's interest to the multinational companies. Due to this grave implication, I strongly oppose it. I think the House would appreciate and understand that your support to this Bill means what an act of betrayal they are committing if this Bill is passed into an Act. Thank you.

SHRI P.C. THOMAS (Muvattupuzha): In view of the new economic policy and in view of the various expectations we have by the changes which have been made, it is necessary to make regulations, and it is also necessary to see that too much of control

and regulations are not there to have an inflow of capital, and for having more industrialisation in this country.

In view of that matter, I don't think that the objections raised to the Bill are sustainable. I don't feel that we have been able to stop smugglings which have been going on for quite a large number of years. We have not been able to take stringent measures not only because of our forces are not adequately equipped but because of the loopholes in our legislation. Now it is time for us to see that smuggling and inflow of non-accounted capital should stop; and for this, I think the new economic policy has made many ventures which are showing results; and this may be the reason why many top persons carrying on smuggling activities many top leaders are also against the new policy, against bringing gold through proper channel, against liberalisation in this manner. So, I would think that, though a very free hand to foreign nationals to come to India to establish factories and to thrive in their business here should be regulated, I really feel that genuine efforts should be made to encourage such inflow of foreign capital. So, I think, there should be regulations but there should be a law of this nature; and I don't think that the law which has been made by this amendment, the legislation which has been made by these amendments, are without any sort of regulations.

For example, I can show you Section 18 (a), new clause 18 (a), new clause 26, new clauses 15, 16, 17, 24 and 73(a) which would ensure that the Reserve Bank is given adequate checks; and it is only with the permission of the Reserve Bank that many of these activities can be conducted. So, I think it is not a free hand that is being given without any sort of regulation on the part of the Reserve Bank or the Government of India; this is also to be appreciated.

I would think the punishment which has been enhanced in clause 29 by amending section 58 is also very relevant; and section 73 (a) which has been introduced newly would also give punishment of not only mere

fine but imprisonment is being given specifically when the rules made hereunder or the law that has been legislated hereunder, are contravened. So, I don't think there is much to fear in the new legislation which has been brought. And in the statement of objects and reasons also, it has been made clear that it should be consistent with the fast changing international economics trade relations. We cannot be rather far beyond the pace in the international trade. I think this Bill will help us to some extent. And I am very sure that smuggling is not going to be increased by this, but there will be checks on smuggling by such a legislation. I would, therefore, support this Bill.

[Translation]

SHRI SATYAPAL SINGH YADAV (Shahjahanpur): Mr. Chairman, Sir, I strongly oppose the Bill seeking amendments in Foreign Exchange Regulation Act (FERA) because nine sections of the Act have been deleted, 19 sections have been amended and two sections have been added to it. This is not only a vast change but through it the basic structure and its objectives have been totally destroyed. This Act was enacted in 1973. It was aimed at conserving foreign exchange within the country. Through today's amendment on the idea of conserving foreign exchange has been changed and thrust has been laid on how to earn foreign exchange. The fact is that when in 1948 General Agreements Tariff and Trade was enacted it had put many restrictions on our industries and economy. In 1990 the Dunkel draft was also brought under General Agreements on Tariff and Trade. Through it our agriculture was mortgaged. The idea behind criticizing the Dunkel draft is that the local farmers cannot be self-sufficient and independent with the help of foreign companies and foreign seeds. Section 29 states:-

[English]

"FERA companies have been exempted from the prohibition imposed under Section 29 on establishment of branch office

[Sh. Satyapal Singh Yadav]

or a liaison office even when the Non-Resident interest in such company exceeds to 40 per cent."

[Translation]

The limit of 40 per cent on it was also abolished. It was also added that-

[English]

"Such companies will also be allowed to acquire whole or part of any undertaking in India carrying on trade, commerce or industry excepting those in agriculture and plantation activities".

[Translation]

What I want to say is that curtailment of agricultural and plantation activities is merely an eyewash. Our agriculture has already been mortgaged through Dunkel draft.

For the last one and a half years liberalisation policy is being followed. Through it a pressure is being put by the I.M.F. and World Bank on the Government of India. With the result thereof new laws are being enacted and amendments are being made day by day. Their sole aim is some how or other to make India dependent in economic and industrial fields. You can well imagine the entry of foreign companies in our country and their producing consumer goods here. Just now, as one of our hon. friends was saying that heavy industries which are producing steel, generating electricity, doing mining, do not invest their own money on such activities. One East India Company came to India and enslaved the whole nation. Till-date 1300 companies have entered our country. They are operating on our soil.

The basic structure has been changed through this Act. Government policies have been made ineffective through FERA. Through it, blackmarketeers and smugglers will use black-money as white money in foreign countries because the economy has

been liberalised. Be it Export or Import, there will be rampant blackmarketing. The previous Act of 1973 caused widespread blackmarketing. Many irregularities were made in it. This Act has been made totally ineffective and liberalised in every sense. Its result will prove very disastrous to our country. It will pave way for increased activities of smuggling and blackmarketing in our country. This act does not conform to the policies of Government of India. The old Act has been changed under external pressure. Therefore, I strongly oppose this Bill.

[English]

MR. CHAIRMAN: I think now I will ask the hon. Minister to reply. Dr. Abrar Ahmed.

For this Bill, really speaking, no time was allotted by the Business Advisory Committee. It was to be passed without discussion. Still we have taken time from 3 p.m. to 5 p.m. I have allowed each and every party to speak, except the Congress Party. Even from BJP two Members have spoken. I think it is sufficient now. Let us go ahead now.

[Translation]

SHRIBHAGWAN SHANKAR RAWAT:  
Please extend some time.

[English]

MR. CHAIRMAN: The Ayodhya Bill has to be completed today. Dr. Abrar Ahmed.

[Translation]

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): Mr. Chairman, Sir, I am grateful to the hon. Members, who expressed their views in the matter. In this connection, I would like to say that this Bill is very much needed for the success of our liberal economic policies. This Bill is much needed for encouraging capital investment. This Bill is also much

needed to accelerate the pace of industrial development. As I have already stated, the introduction of this Bill was very essential for promotion of export. Through this Bill, we have made efforts to remove unnecessary controls from the economy due to which we had to face harassment for carrying out even small activities. The Bill has specially been brought for the expansion of modern technology and for making it a part of international process. Relaxations have been given to our entrepreneurs in it for taking initiative in setting up of industries in foreign countries and boosting their morale. Under the earlier provisions taking a decision had become a complicated process due to redtapism. Now the provisions have been amended for simplifying the process for taking a decision as also for more capital investment.

Sir, hon. Members have asked many questions in this regard. I would like to say that so far as the questions of gold smuggling, Havala trade and foreign exchange is concerned the picture is very clear about gold smuggling as the hon. Members know that due to new liberal policies gold smuggling activities have not only decreased but also going to be a thing of the past. Today, those smugglers and blackmarketeers are facing starvation. This is due to this economic policy. So far as the issue of Havala is concerned the hon. Members know it very well that this policy has drastically reduced this activity. This law is not a secret for either of them. The situation of misappropriation of foreign exchange is before you. So far as the relaxations are concerned, this is quite clear that neither a foreign company nor a foreign citizen has been given any relaxation. It also includes companies coming under FERA. If there is any doubt to any hon. Member about a foreign company I want to make it clear that relaxation are neither meant for a foreign company nor for a foreign citizen but for a company coming under FERA.

The hon. Member has raised a point about Hotels. Concession in Hotel bills was allowed for developing tourism. So far as the issue with regard to tax has been raised, tax law has not been amended through this Bill.

Keeping all these factors in view, the Bill has been introduced with a view to accelerating the development to increase the foreign exchange earnings and to promote exports in particular. I would urge the hon. Members to pass this Bill.

SHRI NITISH KUMAR (BARH): Mr. Chairman, Sir, the hon. Minister has not replied to any of the points which we raised here, and on the basis of which we moved the motion of disapproval to repeal the ordinance. The policy of liberalisation was adopted to accelerate development of the country and Mr. Chairman, Sir, the country is going into the debt trap. This is not the policy of liberalisation rather it is the policy of borrowing from others. Does the Government want to develop the country by taking loans from other countries?

Mr. Chairman, Sir, I had pointed out that the foreigners who stay in hotels, have foreign exchange with them. The previous rule to this effect was that they were required to make payments in foreign exchange, the record of which was to be maintained by the hotel authorities, if at all they had to give in Indian currency, they were required to get it converted through Indian institutes authorised for the purpose. They were also supposed to get a certificate issued by the institution that they got their foreign exchange converted there. But this rule is not more applied. With the result that the foreigners would give the foreign exchange direct to the hotel authorities who register the payment in Indian currency value thus the foreign exchange goes to the black market. I had pointed out that it would encourage smuggling because foreign exchange is the mode of payment in smuggling. In this manner, when the availability of foreign exchange increases in the black market, it would automatically encourage smuggling. Though, I had raised this particular point but the hon. Minister gave no clarification to this effect. As regard to the payment of foreign exchange to the hotel authorities he was taken the plea that this is being done to encourage tourism. Who would not like tourism to be promoted? However, I am unable to under-

[Sh. Nitish Kumar]

stand in what way tourism would have adverse effect if they currency paid by the foreign visitors is registered as it is. But the Government is not ready to deviate from the policy. As the various hon. Members have pointed out, the Government bowed to all the conditions laid down by the IMF and the World Bank, so much so that they did not raise any objection with regard to Dunkel proposals. They have been accepting one after the other condition just for the sake of globalisation. But what is this globalisation? They want our people to join the race and this is no more than asking a lame person to compete with a normal contestant. What would be result- is known. This is exactly their motive of globalisation. They want the country be burdened with debt, encourage smuggling and promote black marketing. The result would be that foreigners would strengthen their hold on the immovable property and land of this country gradually. Whereas from technical point of view the FERA company, the condition of which they claim to have improved ... (Interruptions)

Mr. Chairman, Sir, I am not speaking superfluous, you ring the quorum bell and this disturbs the Member and his sequence of thought break. (Interruptions). You may move a resolution to expell me from the House. (Interruptions)

17.00 hrs.

SHRI NIRMAL KANTI CHATTERJEE:

Sir, apart from anything also, it is obvious that the subject is very important and it concerns our sovereignty also, although the speech may be unimportant. But that is a different matter. Therefore, he should be allowed more time in view of the importance of the subject.

MR. CHAIRMAN: He has to reply to the debate, opposing his Statutory Resolution. That is all, nothing also,

[Translation]

SHRI NITISH KUMAR: When I was

speaking Shri Nirmal Kant was not present here, he should have been here.

Mr. Chairman, Sir, this law would render the immovable property of the country in the hands of foreign companies gradually they would become the masters of this country. The permission granted to them to purchase land in our country would provide opportunity to them to strengthen their hold here. Mr. Chairman, Sir, as per the tradition of this country, the man feels proud if he has hold on his "Jameen and Joru". Nothing happens if money worth lakhs of rupees is mis-appropriated, but there is blood shed on the issue of even an inch of land. This is the culture of this country and the society. However, under this law the foreigners would purchase land and strengthen their hold gradually their interference in our matters would increase, rather they would be the lords of cities and villages these are the things which the FERA Act encourages. This is just a blunder, it is totally against our culture.

Mr. Chairman, Sir, since the hon. Minister gave reply not to any of my questions which could have given me satisfaction, my observation is that he had already made up his mind, he moved towards the official gallery several times with a view to understand the point but none of them is in a position to make him understand as all of them have stopped thinking over the matter. The Parliament is being ridiculed. It is just a formality in the House that matters are raised and also replied, the hon Chairman fulfils his responsibility by seeking votes and thus the discussions are complete. No matter is taken into consideration seriously. It is a grave situation, the entire structure is being changed. FERA Act was passed with great efforts in 1973 and now it is being radically changed.

Mr. Chairman, Sir, in such a grave situation, I oppose the casual way with which all points have been taken. Therefore I am not in a position to withdraw this Resolution.

[English]

MR. CHAIRMAN: I shall now put the Statutory Resolution moved by Shri Nitish Kumar, to the vote of the House.

SOME HON. MEMBERS: We want Division.

MR. CHAIRMAN: The lobbies have been cleared.

The question is:

"That this House disapproves of the Foreign Exchange Regulation (Amendment) Ordinance, 1993 (Ordinance No. 9 of 1993) promulgated by the President on the 8th January, 1993".

*The Lok Sabha divided:*

## AYES

17.05 hrs.

### Division No. 4

Abdul Ghafoor, Shri  
Acharia, Shri Basudeb  
Agnihotri, Shri Rajendra  
Bala, Dr. Asim  
Bandaru, Shri Dattatraya  
Barman, Shri Palas  
Basu, Shri Chitta  
Bhattacharaya, Shrimati Malini  
Chakraborty, Prof. Susanta  
Chatterjee, Shri Nirmal Kanti  
Chauhan, Shri Chetan P.S.  
Choudhary, Shri Ram Tahal

Choudhary, Shri Saifuddin,

Das, Shri Dwaraka Nath

Das, Shri Jitendra Nath

Datta, Shri Amal

Dhumal, Prof. Prem

Dikshit, Shri Shreesh Chandra

Dome, Dr. Ram Chandra

Drona, Shri Jagat Vir Singh

Gangwar, Dr. P.R.

Ghangare, Shri Ramchandra Marotrao

Giri, Shri Sudhir

Hossain, Shri Syed Masudal

Jeswani, Dr. K.D.

Katheria, Shri Prabhu Dayal

Khan, Shri Sukhendu

Khanduri, Maj. Gen. (Retd.) Bhuwan  
Chandra

Khanoria, Major D.D.

Kumar, Shri Nitish

Kumar, Shri V. Dhananjaya

Lodha, Shri Guman Mal

Mahajan, Shrimati Sumitra

Mahato, Shri Bir Singh

Malik, Shri Puma Chandra

Mandal, Shri Brahmanand

Misra, Shri Satyagopal

Mukherjee, Shrimati Geeta

Mukherjee, Shri Subrata

Swami, Shri Chinmayanand

Mukhopadhyay, Shri Ajoy

Tej Narayan Singh, Shri

Murmu, Shri Rup Chand

Thakore, Shri Gabhaji Mangaji

Naik, Shri Ram

Tirkey, Shri Pius

Narayanan, Shri P.G.

Tomar, Dr. Ramesh Chand

Nawale, Shri Vidura Vithoba

Topdar, Shri Tarit Baran

Oraon, Shri Lalit

Ummareddy Venkateswarlu, Prof.

Pal, Shri Rupehand

Vajpayee, Shri Atal Bihari

Paswan, Shri Chhedi

Verma, Prof. Rita

Paswan, Shri Sukdeo

Yadav, Shri Devendra Prasad

Patel, Shri Chandresh

Yadav, Shri Vijoy Kumar

Patel, Shri Somabhai

## Noes

Patnaik, Shri Sivaji

Amhed, Shri Kamaluddin

Pramanik, Shri Radhika Ranjan

Aiyar, Shri Mani Shankar

Rai, Shri M. Ramanna

Bhoi, Dr. Krupasindhu

Rai, Shri Nawal Kishore

Bhonsle, Shri Tejsinghrao

Rajulu, Dr. R.K.G.

Bhuria, Shri Dileep Singh

Ray, Dr. Sudhir

Birbal, Shri

Raychaudhuri, Shri Sudarsan

Brar, Shri Jagmeet Singh

Roy, Shri Haradhan

Brohmo Chaudhury Shri Satyendra  
Nath

Roypradhan, Shri Amar

Buta Singh, Shri

Sanghani, Shri Dileep Bhai

Chacko, Shri P.C.

Shakya, Dr. Mahadeepak Singh

Chaliha, Shri Kirip

Shastri, Shri Vishwanath

Chandrasekhar, Shrimati Maragatham

Soundaram, Dr. (Shrimati) K.S.

Charles, Shri A.

Sreenivaasan, Shri C.

Chaudhary, Shri Kamal

Sukh Ram, Shri

Chaudhary, Shri Ram Prakash	Konathala, Shri Rama Krishna
Chaure, Shri Bapu Hari	Kudumula, Kumari Padamasree
Chennithala, Shri Ramesh	Kuli, Shri Balin
Dalbir Singh, Shri	Kumaramangalam, Shri Rangarajan
Deka, Shri Probin	Kurien, Prof. P.J.
Dennis, Shri N.	Lakshmanan, Prof. Savithri
Deora, Shri Murlidhar	Malik, Shri Dharampaul Singh
Dev, Shri Sontosh Mohan	Mallikarjun, Shri
Dutt, Shri Sunil	Mallu, Dr. R.
Faleiro, Shri Eduardo	Manphool Singh, Shri
Fernandes, Shri Oscar	Marbaniang, Shri Peter G.
Gajapathi, Shri Gopi Nath	Mathur, Shri Shiv Charan
Galib, Shri Gurcharan Singh	Meena, Shri Eneru Lal
Ghatowar, Shri Paban Singh	Mujahid, Shri B.M.
Gudadinni, Shri B.K.	Muniyappa, Shri K.H.
Handique, Shri Bijoy Krishna	Muralee Dharan, Shri K.
Hooda, Shri Bhupinder Singh	Murthy, Shri M.V. Chandrashekara
Imchalemba, Shri	Naidu, Shri P. V. Rangayya
Jaffer Shaief, Shri C.K.	Naik, Shri G. Devaraya
Jeevarathinam, Shri R.	Naikar, Shri D.K.
Jhikram, Shri Mohanlal	Nayak, Shri Subash Chandra
Kaliaperumal, Shri P.P.	Padma, Dr. (Shrimati)
Kamal Nath, Shri	Panigrahi, Shri Sriballav
Kaul, Shrimati Sheila	Patel, Shri Harilal Nanji
Kewal Singh, Shri	Patel, Shri Uttambhai Harjibhai
Khan, Shri Aslam Sher	Patil, Shrimati Pratibha Devisingh

Patil, Shri Vijay Naval

Patra, Dr. Kartikeswar

Pattanayak, Shri Sarat Chandra

Pawar, Dr. Vasant Niwrutti

Prabhu Zantye, Shri Harish Narayan

Pradhani, Shri K.

Raju, Shri Bh. Vijayakumar

Rao, Shri J. Chokka

Rao, Ram Singh Col.

Rao, Shri V. Krishna

Reddy, Shri A. Indrakaran

Reddy, Shri R. Surender

Sangma, Shri Purno A.

Sanipalli, Shri Gangadhara

Sayeed, Shri P.M.

Selja, Kumari

Shankaranand, Shri B.

Sharma, Capt. Satish Kumar

Shivappa, Shri K.G.

Shukla, Shri Vidyacharan

Sidnal, Shri S.B.

Singh, Shri Khelsai

Singh, Shri Motilal

Singh, Shri S.B.

Singh, Shri Sant Ram

Sodi, Shri Manku Ram

Solanki, Shri Surajbhanu

Sultanpuri, Shri Krishan Dutt

Thangkabalu, Shri K.V.

Thomas, Prof. K.V.

Thomas, Shri P.C.

Thungon, Shri P.K.

Topno, Kumari Frida

Upadhyay, Shri Swarup

Verma, Kumari Vimla

Vijayaraghavan, Shri V.S.

Wasnik, Shri Mukul Balkrishna

Williams Maj Gen. (Retd.) R.G.

MR. CHAIRMAN: Subject to correction,  
the result of the division is:

Ayes : 76

Noes : 104

*The Motion was negatived.*\* The following Members also re-  
corded their votes:Ayes: Shrimati Suseela Gopalan, Shri  
Lokanath Choudhary, Shri Ramashray  
Prasad Singh, Shri Kanshi Ram, Shri Han-  
nan Mollah, Shri Tarachand Khandelwal,  
Shri Anna Joshi, Kumari Uma Bharti, Pandit  
Vishwanath Sharma, Shri Dau Dayal Joshi.Noes: Shri Prithviraj D. Chavan, Shri M.  
Krishnaswamy, Shri Sudhir Sawant, Shri  
Harchand Singh, Shri Sukhram, Shri Viduza  
Vithoba Nawale.MR CHAIRMAN: Now the Considera-  
tion Motion.

There are four amendments of Sar-

vashri Girdhari Lal Bhargava, Rasa Singh Rawat, Astbhuja Prasad Shukla and Santosh Kumar Gangwar. I shall now put all the amendments to the Consideration Motion to the vote of the House.

*Amendments Nos. 1 to 4 were put and negatived.*

MR. CHAIRMAN: I shall now put the motion for consideration to the vote of the House.

The question is:

"That the Bill further to amend the Foreign Exchange Regulation Act, 1993, be taken into consideration."

*The motion was adopted.*

MR. CHAIRMAN: The House will now take up clause-by-clause consideration of the Bill.

The question is:

"That clauses 2 to 23 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 to 23 were added to the Bill.*

MR. CHAIRMAN: There is no amendment to clause 24.

The question is:

"That clause 24 stand part of the Bill."

*The motion was adopted.*

*Clause 24 was added to the Bill.*

MR. CHAIRMAN: The question is:

"That clause 25 to 39 stand part of the Bill"

*The motion was adopted.*

*Clauses 25 to 39 were added to the Bill.*

MR. CHAIRMAN: The question is:

"That clause 1, the Enacting Formula and the Long Title Stand Part of the Bill."

*The motion was adopted*

*Clause 1, the Enacting Formula and the Long Title were added to the Bill.*

DR. ABRAR AHMED: Sir, I move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

*The motion was adopted.*

17.13 hrs.

STATUTORY RESOLUTION RE: DISAPPROVAL OF THE ACQUISITION OF CERTAIN AREA AT AYODHYA ORDINANCE

AND

ACQUISITION OF CERTAIN AREA AT AYODHYA BILL

MR. CHAIRMAN: The House will now take up items 12 and 13 of the Agenda together. Shri Girdhari Lal Bhargava may move his Resolution.

[Translation]

SHRI GIRDHARI LAL BHARGAVA: Sir, I beg to move:

"That this House disapproves of the Acquisition of Certain Area at Ayodhya Ordinance, 1993 (Ordinance No. 8 of 1993) promulgated by the President on the 7th January, 1993"