

key ores we have decided to reduce the import of high quality ore and iron ore is one of those items where we intend to reduce and put ceiling on the export of high quality ore (*Interruptions*)

[*Translation*]

MR SPEAKER It is good that we have a number of hon Members by the name of Janardan

(*Interruptions*)

SHRI JANARDAN TIWARI Mr Speaker, Sir, through you, I want to know from the Government whether in view of large reserves of ferro-manganese in Bihar, the Government propose to set up new industry based on this ore in Bihar?

[*English*]

SHRI DINESH GOSWAMI Sir, I have come from Madhya Pradesh to Bihar. But my answer will be the same that we do not intend to go in for State undertakings on this. If my hon friend can persuade his own Government there in Bihar and also private industrialists to set up industries in Bihar, we will definitely give the highest consideration.

[*Translation*]

SHRI PRAHLAD SINGH PATEL Mr Speaker, Sir, the industrialists are ready to set up industries in Balaghat. I want to know what facilities will be provided to them by the Government? I would like to tell the hon Minister that apart from manganese ore, large reserves of copper-ore are also available there. Therefore my second supplementary question is whether Government propose to set up any alloy based industry there?

[*English*]

SHRI DINESH GOSWAMI Sir, so far as the first question is concerned, my answer will be the same. Obviously we have now liberalised, we have made it broad-

banded so that an industrialist can change his product mix. Obviously, whatever help we can give, we will give, but it will depend upon the applications that come to us. We will give favourable consideration to all the applications.

So far as the other question is concerned, well, I am not in a position to reply now. He may give a separate notice for it.

Review of Policy on Direct Foreign Investment

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*781 SHRI PRAKASH KOKO
BRAHMBHATT
SHRI KUSUMA KRISHNA
MURTHY

Will the Minister of FINANCE be pleased to state

(a) whether Government are contemplating to review the policy on direct foreign investments in India

(b) if so, the reasons therefor

(c) the reasons for poor response from foreign investors despite our policy to encourage foreign investment and vast market for their products, and

(d) the specific reasons for low foreign investment in India and the steps taken to rectify the situation?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI) (a) to (d) The Government recognises that foreign investment can make an important contribution in our effort to modernise our industry, make it more competitive internationally and give it marketing links in highly competitive world markets. Foreign investment is welcome in our priority areas of interest.

The Government does not propose to follow an open door policy of eliminating all restrictions on foreign investment. But there

are large areas where it is welcome

There is a constant endeavour to make the policy more transparent and to ensure speedier decision making

[*Translation*]

SHRIPRAKASHKOKO BRAHMBHATT (Baroda) Mr Speaker, Sir, may I know the number of countries and the quantum of foreign investment made by each in our country so far and the total investment made out of that in various projects?

SHRI ANIL SHASTRI Mr Speaker, Sir, an investment of Rs 316 crores has been made so far

SHRI PRAKASH KOKO BRAHMBHATT Mr Speaker, Sir, may I know the reasons why no investment has not been made by the big countries like U S A, U K and France?

SHRI ANIL SHASTRI Mr Speaker, Sir, it is not so. As I stated earlier, foreign investment to the tune of Rs 316 crores has been made. The United States of America tops among the countries which have made investment in our country. America has invested an amount of Rs 6215 lakhs, England's share of investment is Rs 3346 lakhs and that of Japan and Australia Rs 877 lakhs and Rs 300 lakhs respectively. Besides, N I Rs have also invested an amount of Rs 2117 lakhs in India. I have with me a long list of investing countries

[*English*]

SHRIMATI UMA GAJAPATHI RAJU Sir, will the Minister give us an assurance that only in the region of hi-tech foreign investment will be given priority and not in consumer goods?

SHRI ANIL SHASTRI On this the Government's policy is very clear that foreign technology will be allowed only in those areas where sophisticated technology is

required. In the case of consumer durables and consumer products foreign technology will not be followed

SHRI SONTOSH MOHAN DEV Sir, in the reply, the Minister has stated that the Government is not going to follow open door policy. But at the same time, he has stated that there is a large scope. Can the Minister specify the areas of scope for this technology to come?

SHRI ANIL SHASTRI Actually what I have stated is that foreign investment would be allowed in areas which are in the priority sector and foreign investment continues to be regarded as a vehicle of transfer of technology. But, we have selected some areas like steel industry, earth-moving industry and other heavy engineering items where this technology will be allowed

SHRI BALGOPAL MISHRA Sir, I would like to know from the hon. Minister as to how much foreign capital has been invested in the consumer sector and in the hi-tech sector

SHRI ANIL SHASTRI Sir, I do not have this information now. I will send it to the hon. Member later

SHRI JANARDHANA POOJARY Sir, a pragmatic approach is required so far as the foreign investment is concerned. We have got paucity of funds for completion of the projects. So, in order to complete the projects of the State Governments, the Kerala Government has drawn up a scheme which is a very good scheme. In that scheme, they have created a fund in which 40 per cent of the share would be for the Non-Resident Indians and the State Government guarantee would also be provided for the completion of the projects. Now, the Karnataka Government has sent proposals for the completion of the projects of Krishna and Cauvery. I would like to know from the hon. Minister whether the Government of India would give permission to have the NRI investment so far as these projects are concerned

SHRI ANIL SHASTRI: Sir, we have always encouraged NRI investment in India and if the particular reference made by the hon. Member is within the framework of our Government's policy, we will give our consideration.

SHRI S. KRISHNA KUMAR: Sir, foreign investment in our country is an extremely sensitive area and we have always been clear that the first priority should be the protection of our national interests and the principle of self-reliance. The whole world is becoming inter-dependent and most of the countries are following a pragmatic approach in relations to foreign investment. Even China, one of the last bastions of conservative communism, is allowing 51 per cent foreign investment in their domestic industry. Yesterday, the Government's High Commissioner in London highlighted the maze of bureaucratic procedures and bottlenecks which inhibit foreign investment in our country.

I would like to know from the Government, against this background, what are the steps contemplated by the Government to relax the limits as well as streamline the procedures for foreign investments in priority areas of investment in our country.

I would also like to know whether the Government would consider establishing under the auspices of the Government itself, a one-stop service for foreign investors like the single-window service, which is being allowed for investors within our country, in order to enable the foreign investors to track their projects through the maze of procedures and Government departments in our country. This is one service they have been asking for.

SHRI ANIL SHASTRI: I think, it is wrong to compare India with any other country. Normally, there is a tendency to compare us with Thailand or Indonesia. I would like to point out to the hon. Member that in the case of Thailand and Indonesia and such other countries, the foreign investments are basically for export, whereas when foreign

companies come into India for investment, their thrust is for domestic sale and it is not so much for export. Our policy has been different from that of other neighbouring countries. It is not correct to say that foreign investment has been coming down. I have the figures with me. Of course, the total number of collaborations over the period of last three years has come down. But the total investment has gone up. In 1987, it was Rs. 107 crores. In 1988, it was Rs. 239 crores. In 1989, it was Rs. 316 crores. So, it is three times as much as that of the investment made in 1987.

About the measures that have already been taken, as the hon. Member is aware, there are two types of applications received generally. One application is the composite application where foreign collaboration, capital goods, industrial licence application has been submitted by the party, for which there is a Project Approval Board in the Ministry of Industry. It is one-stop clearance.

Then, there is foreign collaboration which has to be referred to the Finance Ministry and cleared by the Foreign Investment Board. Some of the other irritants which the Government have tried to remove are—it is a long list. One is, the Ministry of Home Affairs has issued instructions to facilitate foreign technicians, managers etc., to get short-term visa while their application for long-term visa is under consideration. A decision has been taken to allow foreign technicians.....

PROF. N.G. RANGA: It is a long reply you are reading. You can keep it on the Table. The hon. Minister goes on reading so far, how are we able to follow?

MR. SPEAKER: I am asking him not to read...

(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: He says that the answer is very long and why does he not lay it on the Table? You may give a ruling also that if the question is long, that should also be laid on the Table of the

House! (*Interruptions*)

MR. SPEAKER: Order please.

SHRI ANIL SHASTRI: I think, he does not mind a long answer.

Foreign companies can now apply directly in their own names for industrial licence/foreign collaboration. They can reply and then go in for a joint venture after the approval. The validity period of foreign collaboration approvals has been raised to two years. Remittances of dividends and royalty payments are permissible before final income-tax clearance is obtained. It has been decided to permit liaison offices of foreign companies to book orders..... (*Interruptions*)

SHRI SONTOSH MOHAN DEV: He is answering better than the senior Ministers.

MR. SPEAKER: Shri Nirmal Chatterjee.

SHRI NIRMAL KANTI CHATTERJEE: The basic reason for either having loans from outside or getting foreign investment is that our savings rate is low. We want a higher investment rate in the economy. Now the question does arise that in trying to get external savings, why is it that we prefer foreign investment rather than foreign loans?

Part (b) of my question is, whether or not, in order to get foreign investment, you are going to liberalise the Foreign Exchange Regulations Act in any manner?

(b) What amount of outflow and inflow due to foreign investment at home has taken place and what are the comparative figures?

SHRI ANIL SHASTRI: The Foreign Exchange Regulation Act is not contemplated to be revised at the moment. As the hon. Member is aware, we are allowing 40% equity and in places where exports will be guaranteed by the foreign investors, there is no upper limit and it can go up to 100. The Government's policy is there and will remain

to encourage foreign investment. There is not going to be any change for the time being.

[*Translation*]

SHRI KIRPAL SINGH: I would like to know from the Hon'ble Minister whether the N.R.Is. who want to invest in the industries, would be encouraged? N.R.Is., especially, the Punjabis, who were refused visa to come to Punjab by the previous Government are interested in setting up industries in Punjab. What is the policy of the Government in this regard?

SHRI ANIL SHASTRI: Under the policy of our Government, if anyone from abroad wants to set up an industry in India, he would be allowed to do so.

[*English*]

SHRI SAMARENDRA KUNDU: I am very happy the hon. Minister has said that we do not have an open door policy on foreign investment. But there is a problem. During the last few years, seeking advantage of our liberalised import policy, the multinationals have grown up and we have justified the liberalisation policy because we want to get to our country high-tech technology. The Government's thrust is pro-employment, to create more employment. This high-tech technology is usually the monopoly of the multi-nationals who believe in automation. Therefore, will the hon. Minister review the situation and see that the growth of the multi-nationals is contained and, at the same time, the employment-oriented technology is brought to our country through foreign investment policy.

SHRI ANIL SHASTRI: It is a good suggestion and I assure the hon. Member that we will take this into consideration.

[*Translation*]

DR. SHAILENDRANATH SHRIVASTAVA (Patna): It is clear from the figures about the investment made by various coun-

tries given by the hon Minister that maximum investment has been made by the United States of America I would like to know whether Government considers it satisfactory? I would also like to know whether Government is in favour of encouraging American investment or discouraging it? What is the intention of the Government in this regard?

SHRI ANIL SHASTRI No country is directly linked with foreign investment Which ever country has made investment in our country it has done so under the policy of our Government Therefore it is not our policy to encourage or discourage any country

[English]

Strike by Staff of Bolangir Anchalik Gramya Bank

*783 SHRI BALGOPAL MISHRA Will the Minister of FINANCE be pleased to state

(a) whether the staff of the Bolangir Anchalik Gramya Bank have been on indefinite strike since 22 March 1990

(b) what are their principal demands

(c) whether their demands include staff benefits which have been approved by the National Bank for Agriculture and Rural Development (NABARD)/State level forum/ Union Government and these benefits are being enjoyed by staff members of other gramya banks of Orissa and other States, and

(d) if so, the steps being taken to fulfil their demands?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI) (a) to (d) A statement is laid on the Table of the House

STATEMENT

The National Bank for Agriculture and Rural Development (NABARD) has reported

that a section of the staff of Bolangir Anchalik Gramya Bank, Bolangir (Orissa) had gone on strike from 22 3 90 to press certain demands The strike has been called off on 14 4 90

2 The principal demands made by the Officers Association and staff unions relate to the posting of office bearers of the unions at head office of the bank, provision of bipartite settlement, matters relating to service conditions of messengers, and formulation of transfer policy and its implementation, implementation of promotion policy, reinstatement of suspended staff, implementation of approved benefits such as house building loan, remote area allowance, officiating allowance and group insurance benefit withdrawal of alleged victimisation, proper and scientific management of Bank's funds and personnel, etc

3 Government and NABARD have issued detailed instructions to the Regional Rural Banks from time to time on matters relating to promotions in the RRBs and formulation of service regulations by each Regional Rural Bank It is reported that the demands relating to bad climate allowance as per the rules of Government of Orissa, revised pay scales and revised rates of house rent allowance allowed by the Government of Orissa to its employees, liveries to permanent messengers, housing loans, provision for bipartite forums for recognised workmen unions, release of Dearness Allowance and Additional Dearness Allowance as per the State Government rules etc have been fulfilled The management of the Gramin Bank has also agreed to the regularisation of posts of existing sweeper and water-boys engaged prior to 8 10 84, revision of pay scales in accordance with the decision of the Government of Orissa in respect of their own employees, regular bipartite meeting with the representatives of staff unions, review of cases of suspension and transfers on individual merit etc

4 Norms have also been laid down for the regularisation of the services of messengers working in the Regional Rural Banks