

Investment in Indian Industries by OPEC countries

*267. SHRI S. M. KRISHNA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have allowed the OPEC countries equity investment in core industries like fertilisers and petrochemicals;

(b) whether Government have also allowed Indian Companies to raise foreign currency loans;

(c) if so, the reaction of the OPEC countries and which of them have come forward to invest money in the Indian industries; and

(d) the location and particulars of projects to be financed and set up with the assistance of OPEC countries?

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): (a) to (d). A statement is laid on the Table of the House.

Statement

(a) and (b). Taking into account the interest shown by some oil exporting developing countries for investment in India, Government have decided to provide the following investment facilities:

- (i) Investment from oil exporting developing countries may be permitted in new companies even if it is in the nature of portfolio investment.
- (ii) Such investment should not exceed 40 per cent in the equity.
- (iii) The new companies should be export-oriented or should undertake manufacturing activities covered under Appendix I of the Industrial Policy of 1973.
- (iv) Investment in the aforesaid pattern may be allowed in hotels.

(v) Investment may also be allowed in new hospital projects and such hospitals should have adequate provision for outdoor and emergency medical service to the general public and also for a minimum percentage of occupancy by Indian public.

(vi) Loans should also be allowed to be raised abroad for such ventures provided the terms are reasonable.

(c) and (d). While the creation of this new facility has been favourably received by some oil exporting developing countries, Government await specific proposals for further consideration.

SHRI S. M. KRISHNA: Sir, according to certain conservative estimates, the OPEC countries revenue for the year, 1980, is going to be in the neighbourhood of 115 billion dollars as compared to 60 billion dollars in 1979 and it is also feared, Sir, that many of the Western bankers are fearing that with the kind of surpluses that are going to be generated by these petro-dollars, the banking system in the Western world will not be able to handle this year. Taking all these things into consideration, can I know from the Hon. Minister, if any strategy for luring and attracting investment in such of those areas wherein Government of India have a low investment, from OPEC countries, has been worked out and, if so, I would like to know the response that the Government of India have received so far.

SHRI R. VENKATARAMAN: Sir, we have issued press communique setting out the policy in respect of investment from OPEC countries, in fact, developing OPEC countries. The press note was issued only about one month back and it is too early to say what the response would be. So far as attracting the OPEC funds is concerned, we have offered them opportunities for investment in the areas where they are wanted. There has been mention

to the Government of India, both officially and informally, that they cannot invest in sophisticated industries and all that, but they would be able to invest in hotels and hospitals, for which foreign investment is generally prohibited. That is why, we relaxed these regulations in respect of the oil exporting countries, particularly developing countries, and said that they can come into this field also. In my discussions with them during my visit to the Gulf countries, they have expressed interest in investment. They are working out schemes and I expect that they will be able to come forward with substantial investment in our area.

SHRI S. M. KRISHNA: The Hon. Minister is very well aware of the kind of power cuts that are being indulged in various State Governments. In view of this grave situation on our power front, would the Government seriously consider a marginal shift in their policy to attract these investments from these petroleum exporting countries to make investments in our power generating sector?

SHRI R. VENKATARAMAN: I would like to know from the Hon. Member what particular shift in the policy he would ask the Government to do. As far as the Government are concerned, we are allowing them to invest in any priority field including power. But the response was that they are not very much interested in any of these sophisticated industries or in power generation but they would be interested in some of the common-place things and that is why we relaxed the regulations.

श्री शिव प्रसाद सिंह ठाकुर : यह जो अपेक कन्ट्रोज है इन के पास अनाप शनाप पैसा है और अभी जैसा आप ने बताया है, फाटिलाइजर के कारखाने, रमा-यन के कारखाने, होटल और हास्पिटल के लिए इनवैस्टमेंट करने की अनुमति इन आप देंगे, मैं पूछना चाहता हूँ कि हमारे देश

का बहुत सा कच्चा माल विदेशों को जाता है, जैसे कपास है, घायरन और है, और बहुत से बड़े कारखाने हमारे देश में खोलने की संभावना है, तो क्या और भी क्षेत्रों में अपेक कन्ट्रोज का, भले ही 40 परसेंट इन्विकटी थ्रेशर्स एक्सीड न करने दे, बड़े कारखाने लगाने की अनुमति आप देंगे ?

SHRI R. VENKATARAMAN: At the moment, in respect of those which do not involve transfer of technology, we have agreed only upto 40 per cent in respect of OPEC countries. But this is a thing which can be relaxed in suitable cases particularly if the OPEC countries would come forward to cooperate with us in establishment of fertilizer projects, this can be considered very favourably. We have also suggested to some of the countries that joint ventures in fertilizer project can be taken up. The associated gas which just now they are flaring up can be used for the production of fertiliser, and that India would provide not only a part of the capital but would also provide the entire market for the product. These are some of the suggestions which are being worked out.

PROF. MADHU DANDAVATE: Though some of the oil exporting developing countries are keen to put their investment in our industries like fertiliser and other plants, I would like to know from the hon. Minister that in view of the oil difficulty, will it not be the general policy of the government to shift the fertiliser plants, particularly from the oil based plants to the coal and gas based plants?

SHRI R. VENKATARAMAN: The question of the economics is involved in this.

PROF. MADHU DANDAVATE: Incidentally, I will say that rather than calling these as OPEC countries, it is better to call them O.P.E.C. countries, because OPEC could mean non-transparent.

SHRI R. VENKATARAMAN: So far as coal based fertilizer plants are concerned, it was uneconomic at a time when the oil was cheap. Now, it is becoming more and more viable because of the increasing price of naphtha and the oil product. But still one has to work out whether the coal based fertilizer would be cheaper or at least comparable with the oil fertilizer. We are examining this.

SHRI JAGANNATH RAO: What about technology?

SHRI R. VENKATARAMAN: Even now the technology is being improved.

MR. SPEAKER: Next question—Shri R. P. Gaekwad; Next question—Shri Swami Indervesh, Shri Kumbha Ram Arya; next question—Shri K. Ramamurthy; next question—Shri K. A. Rajan. Very good. What an excellent performance? I think I shall have to devise some means by which if a member is absent consecutively twice, I shall not admit his question for the rest of the Session. Next question—Shri Jyotirmoy Bosu; next question—Shri R. L. Bhatia. Is it a collective boycott of the Question Hour? Shri Daleep Singh Buria.

Smuggling of Silver

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SHRI DALEEP SINGH BHURIA:

SHRI R. L. BHATIA:

Will the Minister of FINANCE be pleased to state:

(a) whether smuggling of silver out of India continues unabated;

(b) if so, whether Government have got any estimate of the quantity of silver already smuggled out of the country during the last six months; and

(c) what effective measures have been taken by Government to check this?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SAWAI SINGH SISODIA): (a) and

(b). Government have no information whether the smuggling of silver out of India continues unabated. There is also no authoritative estimate of the quantity of silver smuggled out of India during the last six months. According to the information available, customs authorities have seized the following quantities of silver while being attempted to be smuggled out of India during 1979 and 1980 (upto October) and are given below:—

Year	Approximate quantity (in kgs)
1979	5,410
1980 (January to October)	27,030

(c) The Customs authorities have been alerted to maintain strict vigil and to take stringent measures to prevent any attempts at smuggling of silver out of India.

The provisions of Chapter IVB of the Customs Act, 1962 containing regulatory provisions on the storage, transport and sale of silver have been extended to the 50 Kms. belt along the Indo-Pakistan and Indo-Nepal borders with effect from 27th March, 1980. These provisions were already applicable to the 50 Kms. belt along the Western Coast and the coast of Tamil Nadu and Pondicherry.

श्री दलीप सिंह भूरिया : अध्यक्ष महोदय, मैं माननीय वित्त मंत्री जी से पूछना चाहता हूँ कि 1979-80 में जो चांदी पकड़ी गई है, उसमें कितने लोग पकड़े गये हैं और साथ साथ यह निवेदन करना चाहता हूँ कि समुद्र किनारे बहुत ज्यादा चांदी तस्कर होती है, सरकार ने इस चांदी की तस्करी को रोकने के लिए कौन से कदम उठाये हैं ?

SHRI SAWAI SINGH SISODIA: The anti-smuggling measures are as follows: instructions to the field formations to