

concerned, we have got some plans to acquire some theatres. In addition to this, we intend encouraging the idea of university theatres. We are hoping that in the course of this year to get started thirty-two universities theatres.

SHRI H. K. L. BHAGAT: I would like to know from the hon. Minister one thing. Just now he said that the F.F.C.'s primary aim is to help in improving the quality of the films. I would like to know from him as to what precisely our national policy on films is. I would like him to state it precisely in what precise manner has the F.F.C. improved the quality of films so far and whether he is satisfied that the impression in the minds of the people that it continues to encourage the gangsterism is removed? Any how what is precisely the national policy on films and in what precise manner he is seeking to improve the quality of the films now?

SHRI I. K. GUJRAL: You will agree that the policy cannot be precisely stated in the question hour particularly I am saying from time to time what our policy is. But, I would like to draw the attention of my hon. friend to the fact that the film policy at the moment is both a statement of wishes and facts. That is because we are unable to invest money in the films. The policy is to get good films; the policy is to invest more in films. So far as "gangsterism" in films is concerned, this hon. House has just passed the new Films Censor Act and that act is now being implemented to see that something is done on the negative side. On the positive side, I have often repeated that unless we are able to make better films, the film scene will not change.

Rebate got by Hindustan Lever Research and Development Section from Government

*305 **SHRI INDRAJIT GUPTA**
Will the Minister of **PLANNING** be pleased to state:

(a) how much was obtained by Hindustan Lever Research and Development Section as rebate from Government during the years 1971, 1972 and 1973, and

(b) how much was saved by them in the form of foreign exchange during 1961 to 1971?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI VIDYA CHARAN SHUKLA): (a) and (b). A statement is laid on the table of the House.

Statement

(a) The Central Board of Direct Taxes have so far accepted for purpose of assessment of corporate tax of M/s. Hindustan Lever Limited, the amounts for the period specified as under towards research and development:

Assessment Year 1972-73 (Calendar Year 1971)	
(i) Development Rebate	1,97,000
(ii) Capital Expenditure	12,64,500
(iii) Revenue Expenditure on R & D	72,00,000

2 For the calendar years 1971, 1972 and 1973, the amounts claimed by the company, as development rebate and for write off of capital and revenue expenditure incurred on its research centres were laid on the table of the House in answer to Unstarred Question No. 1285 on 20th November, 1974. Amounts mentioned above for calendar year 1971 (Assessment year 1972-73) have so far been actually accepted by CBDT

and the assessment for the calendar year 1972 (Assessment year 1973-74) and for the calendar year 1973 (Assessment year 1974-75) have not yet been finalised. The claims made by the company are as follows:—

	1972	1973
	Rs. Lakhs	Rs. lakhs
(i) Development Re- bate	2.58	2.17
(ii) Capital Ex- penditure	33.95	14.18
(iii) Revenue Ex- penditure	79.17	80.50

3. This information is taken from the Directors' Reports of the relevant years.

(b) M/s. Hindustan Lever Ltd. has claimed that they have saved an amount of Rs. 547 lakhs approximately between 1961 and 1971 by way of manufacture of various essential oils, chemicals and perfumery items used in soap making, which would have otherwise been required to be imported into this country. Year-wise break up of Rs. 547 lakhs is as under:—

Year	Import saving in essential oils and perfumery materials (Rs. Lakhs)
1961	.
1962	11
1963	18
1964	10
1965	46
1966	11
1967	5
1968	2
1969	81
1970	1
1971	—110
TOTAL :	547

This information is being verified

SHRI INDRAJIT GUPTA: I find from the statement, and by relating it to the previous replies as indicated in the statement which was given in the House on the 28th November by the Minister of Science and Technology, that for the calendar year 1971, not only has the entire amount which Hindustan Lever claimed for rebate been accepted by the Central Board of Direct Taxes but they have also accepted more than what it has claimed. This is quite remarkable. I want to have a clarification on this. The reply given in November shows that for the calendar year 1971, the Hindustan Lever had claimed write-off of capital expenditure amounting to Rs. 12.31 lakhs and from today's statement I find that the Central Board of Direct Taxes has in fact, accepted the amount of Rs. 13.04 lakhs which is more than what the company had itself claimed.

Apart from this, my question is: he will clarify the discrepancy in the figures when he replies—whether it is not a fact that the products which have been developed by Hindustan Levers in its so-called research and development centre at Andheri in the beginning consisted of products like—you will be interested in this—jilbix, dosa-mix, vada-mix, gulabjam-mix, Cake-mix, Sambar-mix, Jilab-mix, etc. This is a great research that this foreign company does which happens to be a subsidiary of one of the biggest multi-national corporations in the world and it has been carrying out this research at the research centre in Andheri and, on the basis of which, it has been demanding development rebate and write-off of capital expenditure and revenue expenditure for research and development. I would like to know from the Minister whether he has ever bothered to make any direct investigation into what actually goes on in this Research and Development Centre or is it the policy of the Government that whatever this company claims—in this case they

have claimed a rebate of more than Rs. 3 crores—the Government is going to agree to all these claims without even checking it up?

SHRI VIDYA CHARAN SHUKLA: We shall certainly bring to the notice of the Central Board of Direct Taxes the discrepancy that has been pointed out by the hon. Member and find out what is the actual position and I shall lay the results of the enquiry on the Table of the House.

About the check, we do not allow anything unless we have checked it ourselves. The hon. Member probably knows that we have introduced a scheme of registration P & D units since 1973 and this unit of the Hindustan Lever has been registered with us. Therefore, not only we are getting periodical returns from them but also our teams have gone and visited and seen their actual working. We have to see that nothing happens there which is not in the national interest.

SHRI INDRAJIT GUPTA: The Minister is not very well informed on this matter. Foreign companies of this kind are not permitted by the Government to carry on research and development of this type unless it is for the purpose of import substitution. According to the previous reply given by the Minister in November the company claimed that import substitution products developed by their research and development centre in the field of essential oils, aromatic chemicals and perfumery are used in soap making. There is a list of 33 items which are supposed to be things not having been developed in this country before. What do we find? They are Eucalyptus oil, citronella oil, cinnamon oil, etc. You will find so many things which are most elementary chemicals that one can think of. It is impossible to think that these things have not been developed in this country before.

Therefore, I want to know whether the Government have bothered to en-

quire as to how much quantities of these oils and perfumes are actually being used by Hindustan Lever in the corresponding tonnage of the soaps which are manufactured by them in this country? My information is that they do not use it here but are sending to their parent company in London for use by them. They are not being used in this country and need not be used because they are the elementary chemicals. When he says they are making sure that no underhand work is going on, I want to ask him what is the machinery by which this check is done or is it that all the officials concerned are in the pay-roll of this company?

SHRI VIDYA CHARAN SHUKLA: It is absolutely wrong to say that our officials are in the pay-roll of this company. They are eminent scientists working in the Department. They have been visiting this company and I have also answered in reply to an unstarred question all these elementary substances which the hon. Member mentioned. We have gone into discussion separately tabled whether these are elementary substances or they have been used in a different manner. If the hon. Member goes through that reply to the unstarred question, he will be satisfied on that score. As far as Eucalyptus and other things are concerned, it is all right that they had been developed in this country and that we had known these oils for some time. But, the application of them in the products that are made should be in such a manner that it means import substitution. This is the claim that the Company has made and we have started the process of verification because ...

SHRI INDRAJIT GUPTA: Who does the verification?

SHRI VIDYA CHARAN SHUKLA: We, the Department of Science and Technology. We will verify and only after we are completely convinced that this has resulted in import substitution, it would be accepted as import substitution and not otherwise.

SHRI INDRAJIT GUPTA: You have already accepted.

SHRI VIDYA CHARAN SHUKLA: We have not.

SHRI INDRAJIT GUPUTA: This is in your statement today. Sir, I seek your protection. You have the statement before you. The opening sentence says:

"The Central Board of Direct Taxes have so far accepted for purpose of assessment of corporate tax to Messrs Hindustan Lever Limited the amounts for the period specified as under towards research and development:—

"Development rebate—Rs. 1.97 lakhs
Capital expenditure—Rs. 13.04 lakhs
Revenue expenditure—Rs. 72 lakhs.

This has already been accepted.

SHRI VIDYA CHARAN SHUKLA: Sir, the hon. Member has forgotten what he has asked. He asked me whether this has resulted in import substitution or not. I am on that point. I am saying that the company has made a claim that their research has resulted in import substitution to the value of Rs. 5.47 crores. This is the claim that the company has made. What we have accepted, we have indicated already. But, the claim of the company that their research and development has resulted in savings of imports worth Rs. 5.47 crores has to be verified. Without verification, we cannot accept this, the statement of the company. This verification is under way and we will verify the whole claim in a scientific and technical manner and only after we are satisfied that the claims made by the company are genuine, we will accept it as import substitution. If they are not import substitution, they will be treated in that manner. If they are found to be genuine import substitution, then, we

shall, of course, handle in that manner, otherwise not. This is the clarification that I want to give.

SHRI N. K. P. SALVE: Sir, my supplementary relates to the allowances of revenue and capital expenditure incurred on research and development, allowed and allowable under the provisions of the Income tax Act. Now, Sir, the material given here is extremely disconcerting. The provision in the Income tax Act has been made providing for the write off of capital expenditure on research and development purely to encourage research and development of the indigeneous variety. This sort of a general advantage which is being taken by a subsidiary of multi-nationals only means, that the State is subsidising profits by the subsidiary of a multi-national company to be repatriated. This will need some evaluation of the basic policies by which this particular provision has been made in the Income tax Act. May I know of the Minister whether for purposes of allowing deductions of capital expenditure on research and development, provisions will be confined only to such industries which form the core sector in the country and secondly, whether, in respect of research and development by companies, where there is a corresponding liability of repatriation of either capital or payment of dividends in foreign exchange, straightaway provisions will be made disallowing any capital expenditure on research and development?

SHRI VIDYA CHARAN SHUKLA: Sir, in-house research and development particularly in the private sector undertakings is of a recent origin. In order to encourage in-house research and development, certain incentives have been provided for in the Income tax Act, as the learned Member has pointed out. But, it is not that we want these multi-national companies or subsidiaries of them operating in India to run away with this kind of profits. I was answering Shri Indrajit Gupta that we are taking all the care that we can under our own sys-

tem to see that they do not take undue advantage of this and in regard to the companies that have been registered under the scheme of the Department of Science and Technology—approximately they number about 250—I would say, barring a few, most of them are only Indian companies, purely Indian companies. With these incentives, they have been doing very good work during the last 3-4 years. The work has started already. After this in-house research and development in various companies stabilise, we shall review this position and find out how we can avoid any such misuse by large companies like Hindustan Lever so that the benefits which are really meant for the Indian companies and up-coming middle level companies are not mis-used by these large companies.

श्री मधु लिये : मंत्री महोदय ने अभी कहा कि 1972 और 1973 कैलेंडर साल में उन के दावे तभी मंजूर किये जायेंगे जब वेरिफिकेशन होगा। लेकिन 1971 के बारे में उन्होंने कहा है कि :

“The amounts mentioned above for calendar year 1971 have so far been actually accepted by the CBDT and assessment for the calendar year 1972 and for the calendar year 1973 have not yet been finalised”.

तो क्या 1971 का दावा बिना जांच किये, वेरिफिकेशन के स्वीकार कर लिया गया ?

श्री विद्या चरण शुक्ल : माननीय सदस्य ने मेरा उत्तर नहीं गुना जो मैंने माननीय इन्द्रजीत गुप्त को दिया था। मैंने कहा था इस की हम जांच कर रहे हैं, वेरिफिकेशन कर रहे हैं। वह इम्पोर्ट सबस्टीट्यूशन से संबंधित उन का दावा है। उन का दावा है कि 5 करोड़ 47 लाख रुपये इम्पोर्ट सबस्टीट्यूशन में बचाया। हम इस को नहीं मानेंगे जब तक हम इस बात से संतोष न

प्राप्त कर लें कि सचमुच में यह चीज भारत में नहीं हो सकती बिना इन के अनुसंधान के। इसीलिए हम ने उन की जांच पड़ताल शुरू की और उस के बाद ही उन के इम्पोर्ट सबस्टीट्यूशन के दावे को माना जायगा।

जो मैंने अगले वक्तव्य में कहा है डेवलपमेंट रिजर्व, कैपिटल ऐक्सपेंडिचर और रेवेन्यू ऐंड पेडिचर के बारे में जो 1971 का हमने मंजूर किया है उस में जो भी वेरिफिकेशन करना था इन्कम टैक्स आदि कानून के अनुसार वह बॉर्ड ऑफ डायरेक्ट टैक्समेंट न किया और उम के अनुसार उस को अनाऊ किया। माननीय इन्द्रजीत गुप्त जी ने यह बताया था कि उन्होंने जो मांगा था उम में कुछ अधिक मिल गया। यह जो बात उन्होंने कही है यह सही है और इसीलिए मैंने कहा की उमका जांच करके जो भी निकर होगा उम को सदन के सामने प्रस्तुत करूंगा। लेकिन जहां तक इम्पोर्ट सबस्टीट्यूशन वाली बात है उम को वेरीफाई किया जायगा पूरी तरह से। अन्य प्रकार की छूट देने की जो बात है, तो जो भी कानूनी प्रावधान है उम के अनुसार उस को वेरीफाई कर के बॉर्ड ऑफ डायरेक्ट टैक्समेंट ने इस को मंजूर किया और उस के बाद ही इन को मंजूर किया गया। और उस की मंजूरी देने में हमारा मतलब नहीं है। हमारा मतलब तो वहां आता है जहां पर इम्पोर्ट सबस्टीट्यूशन की बात करते हैं, टेक्नीकल नो हाऊ की बात करते हैं। उस को हम को देख कर बताना पड़ेगा कि इम्पोर्ट सबस्टीट्यूशन हुआ कि नहीं।

MR. SPEAKER. Next question.

SOME HON MEMBERS rose—

SHRI K. S. CHAVDA: When Shri Siddaya's question regarding ameliorative measures for the scheduled castes and scheduled tribes was on, you allowed only 5 minutes, but here you have allowed 35 minutes. Henceforth you should be lenient in the case of such questions. I was not allowed to put a supplementary.

MR. SPEAKER: I fail to understand how we can spend the whole hour on one question.

SHRI K. S. CHAVDA: I was not allowed to ask a supplementary.

MR. SPEAKER: I am not going to go into that.

SHRI DINEN BHATTACHARYYA: They have repatriated Rs. 1.61 crores in 1971.

SHRI S. M. BANERJEE: Kindly allow us to put a question. Nothing is going to be lost. After all, this is a foreign company.

SHRI CHINTAMANI PANIGRAHI: May I know whether perfumery is in the core sector of industries in the country and whether on the research which has been allowed on perfumery materials rebate is allowed in terms of the industrial development of the country? Secondly, are Government going to have at least 80 per cent share of Hindustan Lever because it is a foreign-owned company and has a rate of return of 22 per cent, the highest in this country?

SHRI VIDYA CHARAN SHUKLA: The perfumery industry is not a core-sector industry. I have already indicated that we have given such facilities for the last few years for all developmental activities. In answer to the question asked by Mr. Gupta and Mr. Salve, I had indicated that after a while we shall review the position and see that no undue advantage of this facilities is taken by a company of this kind.

SHRI S. M. BANERJEE: I want to know whether the Hindustan Lever is a subsidiary of Unilever, London which holds 85 per cent of its shares. Is it not a fact that in 1973 alone they sent abroad as much as Rs. 146.2 lakhs as profits to Unilever, London? Is it a fact that this kind of research and development is a cover for getting more benefits and that they had saved Rs. 5 crores and they also get

Rs. 3 crores repayment? Will this matter be subject to a thorough probe by any central agency, preferably CBI or CIB? It is not a technical thing. It is a very powerful organisation. I do not blame the officers who are unfortunately underfed and ill-clad and sometimes they are obliged to do this thing. Whether it is lifebuoy or sunlight or dalda, they see that it is not available. That is why I want a thorough probe to expose their heinous activities and they are trying to exploit the country. Will the Centre review their activities and investigate into the matter?

SHRI VIDYA CHARAN SHUKLA: The first part of the hon. Member's question should be addressed to the Ministry of Finance. The second part I have already answered. I should say that the hon. Member has made unfortunate insinuations against officers. I do not agree with him. We do not send ordinary section officers to verify developmental activities that are going on in Bombay. These are eminent and worthwhile and well read scientists who go into this question. Scientific and technical matters cannot be investigated by police officers. We must know whether the scientific and technical claims are correct or not. If they are correct, we shall treat them as such; if they are incorrect, we shall take action accordingly. The apprehensions in the minds of the hon. Member should be dispelled by my assurance. People who are competent, technically and otherwise, equally competent if not more competent than those who are working in this company go into those matters. There is no question of dishonesty; no such suggestion has been made by anybody about the personal or other dishonesty of those people who had been going there in terms of enjoying hospitality of this company etc. We have had full satisfaction from our scientific personnel who have enquired into this matter. As I have

already said this question will be reviewed and after review if any action is to be taken, proper action will be taken to see that no undue advantage is taken by such companies

Price of Soft Coal in Delhi

*306 SHRI N E HORO Will the Minister of ENERGY be pleased to state

(a) whether there has been any rise in the price of soft coal in the capital during the last three months and

(b) if so to what extent?

THE MINISTER OF ENERGY (SHRI K C PANT) (a) Yes, Sir

(b) The retail price of soft coke has been increased by the Delhi Administration from Rs 2217 to Rs 2616 per quintal i.e., by Rs 399 per quintal with effect from 18-12-1974

SHRI N E HORO How does the present price compare with the price in the neighbouring States like Punjab Haryana and UP? If there is any difference in the price, may I know whether this has encouraged corruption among the traders, and if so how many traders who are engaged in such corruption have been brought to book?

SHRI K C PANT I am afraid I do not have the figure for the neighbouring State. The Question was very pointed

(a) whether there has been any rise in the price of soft coal price in the capital during the last three months, and

(b) if so to what extent?"

So, I have got the figures for the Capital, not for the neighbouring States, but I can collect those figures

SHRI N E HORO This is an elementary thing I asked this question with the purpose of knowing how it compares with the price in the neighbouring States

What are the various causes for increase in the price?

SHRI K C PANT The Delhi Administration appointed a Committee in June, 1974. It went into the various elements entering into the price of soft coal, and it felt that an increase was justified. They have gone into various elements like octroi, Central Sales Tax loading and unloading, interest on capital, service charges, local sales tax, shortages and so on. All these elements have been taken into account, and after that they have come to the conclusion which the Delhi Administration has accepted. That is how the price has been increased

श्री पन्ना लाल बाबूपाल : माननीय अध्यक्ष जी मे माननीय मंत्री जी का ध्यान इस बात की ओर दिलाना चाहता हू कि बहत से कोयला विक्रेता अपने कोयले को ओपन म रखन है और जब बरसात होती है तो कोयला पानी से बिल्कुल तर हो जाता है लेकिन वह उसी भाव पर खरीदने वाले को बेचा जाता ह । क्या यह एक प्रकार से मिलावट नहीं है हम सम्बन्ध मे मै यह कहना चाहता हू कि पानी से भीगे कोयले को बेचने वालों पर प्रतिबन्ध लगाया जाए और जा उस को बेचे उसका लाइसेंस कैंसिल किया जाए ।

MR SPEAKER It is a suggestion for action

अच्छा मशिबरा दिया है ।