

borate reasons as to why we would not like to take over this concern in this House in reply to a call attention motion.

#### Foreign Collaboration Agreements

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\*139, SHRI C. T. DHANDAPANI :  
SHRI P. GANGADEB :

Will the Minister of INDUSTRIAL DEVELOPMENT be pleased to state :

(a) whether the Foreign collaboration proposals approved in selected fields during the first half of 1971 registered a significant increase as compared to the figures for the preceding two years ; and

(b) what further steps are contemplated to encourage foreign investments in India ?

THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT (SHRI SIDDHESHWAR PRASAD) :  
(a) and (b). A statement is laid on the Table of the House.

#### *Statement*

(a) The number of foreign collaboration proposals approved during the first half of 1971 was 166 as compared to 82 and 94 for the corresponding half-year periods during the years 1969 and 1970 respectively.

(b) A number of facilities and incentives are already available to foreign investors for investing in India within the broad framework of Government's policy on foreign investment. This policy is, however, kept under constant review.

SHRI C. T. DHANDAPANI : May I know how many foreign collaborations proposals have been approved and how many of them relate to private companies and how many to public sector companies ?

SHRI SIDDHESHWAR PRASAD : I have already said in the statement that the number of foreign collaboration proposals approved during the first half of 1971 was 166 as compared to 82 and 94 for the corresponding half-year periods during 1969 and 1970 respectively.

SHRI C. T. DHANDAPANI : May I know whether Government have decided that industrial development of the country could not be achieved without the foreign collaborations and technical know-how ?

SHRI SIDDHESHWAR PRASAD : Where there is a technical gap, Government approves of foreign collaboration. Otherwise, we give all encouragement to indigenous know-how and indigenous technical development.

SHRI NAWAL KISHORE SINHA : The Minister has said in the Statement laid on the Table of the House "within the broad frame-work of Government's policy on foreign investment". May I know the salient features of Government's policy on foreign investment ?

SHRI SIDDHESHWAR PRASAD : The broad features of the policy are : Majority foreign capital participation is normally not allowed. Foreign capital participation is usually considered upto 40 per cent. Technical collaboration agreements are now usually approved for a five-year period only both so as to ensure the absorption of such know-how by Indian units as early as possible and also to encourage the establishment of adequate R & D facilities by Indian manufacturing units.

Foreign collaboration is not allowed where indigenous know-how capable of commercial exploitation is either available immediately or is likely to be made available in a reasonably short time. Foreign collaboration in luxury items and non-essential items is normally not permitted, exceptions being made only in substantially export-oriented schemes.

With a view to avoiding repetitive import of technology for the manufacture of same or similar products, efforts are made to conduct coordinated negotiations when a number of units are proposed to be set up for the manufacture of the same items about the same time.

AN HON. MEMBER : It is a thesis !

SHRI SIDDHESHWAR PRASAD : May be, but that is what the hon. member asked for.

**MR. SPEAKER :** The Question List is over. Yesterday, out of 20, only 9 were present. Today also only 9 are present. I will go through the list again so that those who are here now may put their questions.

**Report of Study on Import Substitution  
of Raw Materials**

\*123. **SHRI PILOO MODY :** Will the Minister of INDUSTRIAL DEVELOPMENT be pleased to state :

(a) whether Government have ordered any study to locate the indigenous sources of supply of raw materials presently being imported against free foreign exchange ;

(b) whether the study has already been completed and, if so, the main features thereof ; and

(c) the amount of foreign exchange which is likely to be saved as a result of import substitution of raw materials ?

**THE DEPUTY MINISTER IN THE  
MINISTRY OF INDUSTRIAL DEVELOP-  
MENT (SHRI SIDDHESHWAR PRASAD) :**

(a) Yes, Sir

(b) Import substitution is a continuous exercise in order to achieve the objective of self-reliance and has been pursued in a variety of ways including substitution of imported raw materials, components etc , through increased production and by reduction in the consumption of imported raw materials and components per unit of production, through acceleration of phased manufacturing programmes

(c) According to a preliminary estimate based on the raw material requirements of 101 chemical industries and 224 engineering industries, in 1972, imports worth approximately Rs. 30 crores is likely to be substituted while imports worth about Rs. 25 crores might be diverted to Rupee Payment Area countries.

**SHRI PILOO MODY :** After listening to the reply, I think I know less about the subject than when we started. I do not understand what is the difficulty in giving me a simple answer as to what is the extent of the materials imported which would have been locally available. This is the first part of

my question. The supplementary is this. What is the extent of foreign exchange that we have spent during the years 1969-70 and 1970-71 in importing materials which actually were available locally.

**SHRI SIDDHESHWAR PRASAD :** For the selected industries, for which studies were made by the Director-General of Technical Development the foreign exchange component in production were as follows : 1969—8.3 per cent ; 1970—8.2 per cent ; 1971—7.43 per cent. The savings in foreign exchange are as follows : 1969—Rs. 10,40,01,970 ; 1970—Rs. 12,30,00,000 and 1971—Rs. 24.20 crores.

**SHRI PILOO MODY :** I am sorry that the Minister has not understood my question I will re-phrase it for him. Government grant import licence for raw materials which are very often available in this country. I want to know whether the government has undertaken any study to show that in the last so many years we have imported so much of raw materials which we could have procured indigenously and, if so, whether there is a special department of the government looking into this matter and, if so, what is the extent of foreign exchange we have wasted in this fashion.

**SHRI SIDDHESHWAR PRASAD :** No foreign exchange is allowed for the import of such raw materials which are available here. If the hon. Member was careful enough to hear what I had said earlier, I had said that import substitution is a continuous exercise and, therefore, the Director-General of Technical Development is continuously doing this work.

**SHRI VIKRAM CHAND MAHAJAN :** What are the incentives that are being given to encourage import substitution ?

**SHRI SIDDHESHWAR PRASAD :** There is an advisory council. If there is any import substitution which is worth the name, or of a sufficiently high order, the person concerned is rewarded.

**SHRI VIKRAM CHAND MAHAJAN :** What reward ? To whom have you given it ?

**SHRI PILOO MODY :** Padma Bhusan.

**SHRI SIDDHESHWAR PRASAD :** I