

**SHRI OM MEHTA:** We have got our own money and we have provided a sufficient amount in the Fifth Five Year Plan and, in this year also, Rs. 40 crores has been provided for the tribal areas. If we have no money we can go to them, but why should we when we have our own?

**SHRI SURENDRA MOHANTY:** May I know whether this tribal development scheme of the World Bank is an integrated part of the Five Year Plan or is a new, independent scheme? If it is the latter, what are the features thereof?

**SHRI OM MEHTA:** I have already said we have not taken a final view.

**MR. SPEAKER:** Yes, he has said it is still in the preliminary stage.

**SHRI SURENDRA MOHANTY:** You should give us some protection. I am not asking about the details of the scheme.

**MR. SPEAKER:** He wants to know whether it is part of the Five Year Plan or not.

**SHRI OM MEHTA:** It is not part of the Plan.

#### Foreign investment for industrial Growth

\*774. **SHRI S. M. BANERJEE:** Will the Minister of INDUSTRY AND CIVIL SUPPLIES be pleased to state:

(a) whether Government are inviting foreign investment in order to enhance the industrial growth for this financial year;

(b) if so, which countries are investing and in which sectors of industries, public or private;

(c) whether Government have relaxed their collaboration and licensing policy to meet the terms of these foreign investors; and

(d) if so, the facts thereof?

**THE MINISTER OF INDUSTRY AND CIVIL SUPPLIES (SHRI T. A. PAI:** (a) to (d). A statement is laid on the Table of the House.

#### Statement

(a) to (d). Government's policy towards foreign investment continues to be highly selective and aims at filling technological gaps and expanding exports. Therefore, foreign investment is allowed where the technology to be imported is highly sophisticated or has not been developed indigenously. Collaborations are considered for non-priority industries as well where the entire production or a substantial portion thereof is proposed to be exported.

At present there are 16 proposals for foreign equity participation pending consideration of the Government. Out of these, only one proposal relates to the public sector. The countries involved are U.P., U.S.A., Federal Republic of Germany, Holland, Bermuda, Spain etc. These proposals are at various stages of consideration and will be decided on merits in accordance with the existing policy and guidelines.

**SHRI S. M. BANERJEE:** From the statement it appears that the Government's policy towards foreign investment is highly selective and aims at filling technological gaps and expanding exports; he says that foreign investment is allowed where the technology to be imported is highly sophisticated or has not been developed indigenously. If it is a question of only highly sophisticated technology or a technology which is not available in our country, I would like to know how Hindustan Lever are manufacturing Sunlight, Lifebuoy, Surf, Vim, Rexona, Vanaspati and Anik ghee. I do not know whether these involve sophisticated technology. I think, anybody can produce these things. Therefore, how is it that Hindustan Lever and Coca Cola have been allowed to manufacture these things. I would like to know whether this is going to come to an end or another licence is being given to them to expand the same things which any Tom, Dick or Harry can do.

**SHRI T. A. PAI:** The question is about inviting foreign investment and which are the countries which are investing and so on. The hon. Member

has referred to the question of Hindustan Lever having Sunlight and other soaps which are their own brand names and in which no question of collaboration comes. How we have to deal with the existing firms and their capital structure under the FERA, we have considered and made our recommendations to the Reserve Bank.

**SHRI S. M. BANERJEE:** I would like to know whether his attention has been drawn to the recommendation of the National Committee on Science and Technology which submitted its report in 1973. They said that there should be no equity and so on. I would like to know whether that report has been considered by the Government and if so, the decision taken thereon.

**SHRI T. A. PAI:** The observations of the Committee have been taken into account and, as I have said, in order to encourage the increasing use of the indigenous technology, Government have de-licensed all industries which are willing to take the technology from the national laboratories or the Indian institutions abroad.

So far as approval of foreign technology is concerned, we are doing it on a very very selective basis. We have permitted only in cases where very large commitments for exports, 85 to 100 per cent, have been undertaken. In the case of tomato paste, for instance—it has been a classical case that has been pointed out—it is by an Indian party resident abroad on a basis of 80 per cent export to meet a particular requirement, and we have permitted it.

**SHRI INDRAJIT GUPTA:** I could not quite follow the reply that the hon. Minister gave to the first question asked by Shri S. M. Banerjee. The question does not relate to foreign collaboration; it relates to foreign investment, foreign investment in order to enhance the industrial growth for this financial year, which countries are investing and in which sectors of industries. That is the question. I would like to know from him once again, on the basis of this criterion which is laid

down in the statement, namely, sophisticated technology to fill technological gaps and the need for expanding exports, how does this criterion fit in with the products which are being manufactured in this country by such firms as Cadbury or Colgate, Palmolive or Coca Cola or the whole lot of other foreign concerns which are making things like after-shave lotions and toilet powders and so on. What is the technological gap here, I am not able to follow. Is it that we are not able to produce these things in our country? Why are such firms continually allowed to manufacture these things?

**SHRI T. A. PAI:** There is some confusion, which I shall clarify. The question of the existing investment should not be confused with the question which seeks to invite foreign capital to expand the growth prospects and all that. I may assure the House that there have not been many offers of foreign capital coming into the country. From 1969 to March 1972, out of 1,768 cases of licences that were issued, collaboration arrangements and financial arrangement were approved only in 277 cases constituting 15.6 per cent. On an average, the investment of foreign capital has been of the order of about 35 to 37 crores of rupees per year which also takes into consideration the investment of the profits made by the already existing companies in their own industries. Therefore, the question of new capital coming in has not been much. If the Hindustan Lever has been making some soaps and other things, where is the question of their borrowed technology? It has been functioning in India for several years. There has not been any collaboration arrangement. Therefore, there is no question of technology being foreign.

So far as Cadburys and other such companies are concerned, all these cases come under FERA. As regards exports markets for them, recently in Hungary I have found that the products made in India by Cadburys and Colgate—Palmolive have better prospects of being sold and we are encouraging these people in their exports.

**SHRI R. S. PANDEY:** After giving facilities to persons of Indian origin settled abroad to bring their savings to India in foreign exchange—they have to deposit that in foreign exchange—may I know, if such persons have come out with their desire to give active support for the industrial growth to India and to obtain license from you to start some industries, which could give impetus to industrial growth?

**SHRI T. A. PAI:** We would certainly like to make a distinction between foreign investment and investment of non-residents Indians bringing their capital, because this distinction is absolutely essential so that in future we might not mix them up with foreign capital coming to India. We have not only announced the scheme, we are also in touch with the State Government so that such applications which are received are processed quickly and the State Government provide them with land, power, and water and other requirements so that the industries may be set up without much difficulties.

**SHRI RAJA KULKARNI:** I would like to know, if the foreign investors for their projects in this financial year have accepted the condition of 40—60 equity capital under the Foreign Exchange Regulations Act and the working of the foreign Exchange Regulations Act has in no way given any setback for the investment by foreign investors.

**SHRI T. A. PAI:** If the country's policies are very clearly known, it is for the foreign investors to decide whether to invest in India or not. So far as we are concerned, we would approve the collaborations in technology rather than foreign participation, unless it is in a sophisticated area where we find that the parties are not willing to give collaboration without any involvement. They have not only accepted the condition of 40—60 equity capital, in many cases we have approved this below 40 per cent.

**SHRI VASANT SATHE:** It is a good policy that only where there is a technological gap, we allow or en-

courage foreign investment. I would like to know, if the Government has identified the areas and industries where there is this technological gap, and if they have broadcast this through our embassies in the countries from where we want to encourage investment. Which are the particular industries, where we find this technological gap and we want to encourage foreign investment for growth of our own industries.

**SHRI T. A. PAI:** Appendix I was considered to be a sophisticated field, but we find that in many of these industries, foreign investment or foreign collaboration may not be necessary. We are continuously reviewing this list and we would like to make the position very clear in which industries foreign investment would be permitted, but we are not anxious about canvassing investment.

#### Shortage of Spares in Nationalised Collieries

\*776. **SARDAR SWARAN SINGH SOKHI:** Will the Minister of ENERGY be pleased to state:

(a) whether the nationalised collieries are facing shortage of spares; and

(b) if so, steps Government propose to take to solve the problem of non-availability of spares expeditiously?

**THE MINISTER OF ENERGY (SHRI K. C. PANT):** (a) and (b). No, Sir. Certain difficulties have, however, been faced in obtaining certain spares for mining machinery under foreign aided schemes from time to time which are sorted out by mutual discussions with the aid-giving countries.

**SARDAR SWARAN SINGH SOKHI:** May I know from the Minister; he has said that 'certain difficulties have, however, been faced in obtaining certain spares...' What are those 'certain difficulties' and what are those 'certain spares' for mining machinery and which are the countries which are giving aid in this regard and upto what extent?

**SHRI K. C. PANT:** There are some Soviet-aided projects where some of