

Indian participation in foreign companies  
for manufacture of consumer goods

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\*549. SHRI NAWAL KISHORE  
SINHA :

SHRI SAT PAL KAPUR :

Will the Minister of INDUSTRIAL DEVELOPMENT AND SCIENCE AND TECHNOLOGY be pleased to state :

(a) whether it is proposed to compel Branches of foreign companies and 100 per cent foreign owned companies functioning in India to accept Indian participation especially in those which are engaged in the manufacture of consumer goods like cosmetics, soft drinks and tooth-paste; and

(b) how it is proposed to see that those foreign companies which do not have a licensed capacity nor a description of items they may manufacture, reduce their foreign holding to 4 per cent or less ?

THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT (SHRI PRANAB KUMAR MUKHERJEE) : (a) and (b). According to the Foreign Exchange Regulations Act, all companies having a foreign equity of over 40 per cent will be required to seek their business activities. The question of reduction in foreign holdings in appropriate cases including manufacturing concerns and that of conversion of foreign companies engaged in trading activities into Indian companies is under consideration for formulating guidelines for administration of the relevant Section of the Act.

SHRI NAWAL KISHORE SINHA : Which are those proper cases to which the hon. Minister referred ? Also, how many and which of the foreign companies producing consumer goods have been put on the list by the Ministry and will their licences increase automatically every year and if so the extent of their increase may be indicated ?

SHRI PRANAB KUMAR MUKHERJEE : A number of companies are engaged in producing various types of consumer goods. If the hon. Minister is interested, there are, for example, Messrs. Colgate Palmolive, Ciba, etc. in the case of soft drinks, Messrs. Coco-cola ; in the case of milk foods Messrs. Hindustan Labour, Food specialities, Glaxo ; in the case of cigarettes, Messrs. India Tobacco, Wazir Sultan, Godfrey Phillips India Ltd. So far as units are concerned, they were licensed units and we are taking them into consideration about their capacities and the Foreign Exchange Regulation Act, provisions of which are expected to come into effect from 1st January, 1974, will take care of them. So far as the registered units are concerned, the latest amendment of the Industrial Development and Regulation Act will take care of the capacity.

SHRI NAWAL KISHORE SINHA : May I also know whether any of these foreign companies have so far refused to have Indian participation and if so whether those companies would be asked to wind up their business in India ? What specific measures are being adopted to Indianise the foreign firms and see that their foreign holdings are reduced to the minimum ? What steps does the Government propose to take to encourage indigenous industries in consumer goods ?

SHRI PRANAB KUMAR MUKHERJEE : Some of these areas are exclusively reserved for the small-scale and indigenous sector. With the commencement of the Foreign Exchange Regulation Act, parties with more than forty per cent equity will require permission of the Government to continue their business. Definitely each and every case will be taken care of. While granting permission it will be seen in what ways we can bring Indianisation.

SHRI NAWAL KISHORE SINHA : This is the Press note of the Ministry of Finance issued on 19th February, 1972. That year is out. 1973 is out. The same reply is being given again and again.

**SHRI SOMANATH CHATTERJEE:** If I understood him correctly, the hon. Minister says that there are still foreign firms without any participation by Indians. In answer to the last question, it was stated that in the case of sophisticated industries, foreign entrepreneurs would be welcome. It was also stated that foreign equity participation should not exceed forty per cent. If that is the industrial policy of the Government, why in respect of consumer goods such steps should not be taken so that foreign participation in such industries in this country need not exceed 40 per cent? Otherwise, how do you reconcile your policy with regard to companies dealing with technology, engineering companies, and companies dealing with consumer goods? What steps are the Government taking to check this?

**SHRI PRANAB KUMAR MUKHERJEE:** We have already the Foreign Exchange Regulation Act, which is a comprehensive legislation, which will take care of this. Then, in order to protect the consumer goods industries, the amendments to the Industries Development and Regulation Act were brought. These two legislative measures taken together will take care of this area. Particularly, in some of the consumer goods industries certain areas are exclusively reserve for the small scale industries and Indian concerns. In those areas foreign majority companies will not be allowed to enter.

**SHRI SOMNATH CHATTERJEE:** What about those concerns which are already there.

**THE MINISTER OF INDUSTRIAL DEVELOPMENT AND SCIENCE AND TECHNOLOGY (SHRI C. SUBRAMANIAM):** There are two parts in the question of the hon. Member. The first question is how do you deal with the existing companies, where they have got more than 40 per cent foreign participation? That is taken care of by the Foreign Exchange Regulation Act under which they have to seek the permission of the Reserve Bank to continue their activities if they have above 40 per cent foreign participation. They are laying down guidelines

with regard to the reduction of this equity participation. With regard to the future, it is already laid down that we would not allow more than 40 per cent participation. Therefore, that will be taken care of by the licensing policy.

**श्री मधु लिमबे:** यह जो प्रश्न था इसके दो हिस्से थे। एक फारेन कम्पनियों के बारे में पूछा गया था और दूसरे उनकी शाखाओं के बारे में। लेकिन मंत्री महोदय ने इनको मिला दिया है और जहाँ तक शाखाओं का सवाल है उसका कोई उत्तर ही नहीं है इसमें। आखिरकार प्रश्नों के उत्तर इसी तरह दिये जायेंगे? इस तरह से हम लोग प्रश्न कैसे पूछेंगे? क्या इसके बारे में आप आदेश देंगे? मेरा सवाल यह है . . . .

**SHRI C. SUBRAMANIAM:** Shall I answer this point? I am sure that the hon. Member is aware that under the Foreign Exchange Regulation Act . . .

**श्री मधु लिमबे:** अध्यक्ष महोदय, यह आपके लिये मौन कहा है। हर एक प्रश्न का ऐसा हो रहा है।

मेरा प्रश्न यह है कि जो विदेशी कम्पनियों की शाखाएँ हैं जैसे कोलगेट पामॉलिब हैं, चीज बरा पांड हैं, क्या इन शाखाओं पर क्योंकि इनकी कोई इक्विटी का सवाल नहीं है, आप कैसे नियंत्रण करने जा रहे हैं? एक लाख की एंजी कोलगेट पामॉलिब लाता है और अकेले विगत साल में 58 लाख बाहर भेज दिया गया है, कोका कोला 6 लाख लाया और छः करोड़ बाहर भेजा गया। कानून के जंगल में पता ही नहीं चलता है लाइसेंस कंपेंसेटी, रीजिस्टर्ड कंपेंसेटी, सी ओ बी के मामलों का। इसका जरा खुलासा होना चाहिये।

**SHRI C. SUBRAMANIAM:** I am sorry, the hon. Member thinks that we have tried to evade this, as far as branches of foreign companies are concerned. As a matter of fact, the Act is quite comprehensive. The provision says:

“Without prejudice to the provisions of section 28(1) of the Foreign Exchange Regulation Act, and

notwithstanding anything contained in section 47 of the Companies Act, a person resident outside India, whether a citizen of India or not, or a person who is not a citizen of India but resident in India, or a company other than a banking company which is not incorporated under any law in India, or in which the non-resident interests is more than 40 per cent, or any branch of such company shall not, except with the general or special permission of the Reserve Bank, . . . ."

Therefore, the branches are covered, apart from the companies. That will be taken care of. There is no question of any lacuna in the answer itself, because both are covered.

श्री मधु लिंगम : आप कॉन से कदम उठा रहे हैं नियंत्रण करने के लिए। एक्ट में इन्होंने क्या प्राविजन किया है, यह मेरा सवाल नहीं है।

SHRI C. SUBRAMANIAM : The Act has been passed just now and the guide-lines are being formulated for the purpose of dealing with all those categories of companies. If I remember right, it comes into effect from 1st January, 1974. All the necessary action would be taken in accordance with the regulations already laid down by this House.

श्री सतपाल कपूर : गवर्नमेंट ने जो डिस्क्रीशन अपने हाथ में रखा हुआ है कुछ के मामले में इसका क्या परपज है? तमाम कौंसिज में यूनिफार्म पॉलिसी क्यों आप नहीं अपनाते हैं? कंज्यूमर गुडज इंडस्ट्री में भी फारने कम्पनियां हैं। लोकल टेलेंट यहां हैं, लोकल आदमी उन चीजों को बना सकते हैं, उनमें बहुत बड़े टेक्नीकल नो हाऊ का प्रबलमें नहीं हैं, मैं जानना चाहता हूँ कि फारने कम्पनियों को उन कंज्यूमर गुडज इंडस्ट्रीज में आप क्यों एक्सटेंशन देना चाहते हैं?

SHRI C. SUBRAMANIAM : The first question is: How do we deal with the existing companies? We have already passed an Act; we are operating it here. Certainly, this has to be a policy decision whether we take over them or nationalise them. That is a policy question. I am sorry I will not be able to answer with regard to that.

As far as the control of those things is concerned, that is guided by the Foreign Exchange Regulation Act. There is no question of any discretion left. As a matter of fact, the guide-lines will be specific with regard to the categories of industries and how they will be dealt with. As soon as the guide-lines are ready, they will be laid on the Table of the House. I am told, it may be placed either today or tomorrow; I do not know when but very soon. Once the guide-lines are there, they will be followed. There is no question of any discretion left.

कालकाजी नई दिल्ली के काली के मंदिर में चोरी

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\*550. श्री शिव कुमार शास्त्री :

श्री भागीरथ भंडार :

क्या गृह मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या कालकाजी (नई दिल्ली) स्थित काली के ऐतिहासिक मंदिर में लगभग 12 हजार रुपये की चोरी हो गई;

(ख) क्या बदमाशों ने दिल्ली में आम धार्मिक स्थलों को अपना निशाना बनाना शुरू कर दिया है;

(ग) क्या दिल्ली पुलिस उन्हें पकड़ने में असमर्थ रही है; और

(घ) जनता में व्याप्त भेष का अन्त करने के लिये क्या कदम उठाये जा रहे हैं?

गृह मंत्रालय में उप मंत्री (श्री एच. एच. मोहसिन) : (क) दिल्ली प्रशासन से प्राप्त सूचना के अनुसार 23 और 24 नवम्बर, 1973 के बीच की रात्रि को मंदिर में चोरी हुई थी