

[Shri Jyotirmoy Bosu]
word 'lie' because they get offended. I want to give him a chance here and now to correct his statement. I am putting it squarely before him. Is it, or is it not a fact that the district magistrate of Gaya has confirmed to the Press that he did give shoot-at-sight order; and I am cautioning the Minister, he should correct the mistake here and now. If he does not, I shall bring a privilege motion.

SHRI VIKRAM MAHAJAN: Are we entering into a discussion now?

MR. DEPUTY-SPEAKER: No questions now. I rule this out. I said that no questions would be permitted to be asked. The hon. Member has already started asking a question. I would not allow it.

I think we close the matter. We meet this evening at 4.30 p.m....to find out the time for discussion. Now, we close the matter.

Hon. Members will have enough time when the discussion takes place. Since I have given my decision that we shall have a discussion and we shall meet at 4.30 p.m. to find out the time for it, nothing more will go on record about this; about this particular subject nothing more will go on record.

12.53 hrs.

MATTERS UNDER RULE 377

(1) REPORTED PERMISSION TO GENERAL MOTORS CO. OF USA TO TAKEOVER ONE-THIRD EQUITY SHARES IN HINDUSTAN MOTORS

SHRI INDRAJIT GUPTA (Allpore): Under rule 377, I want bring to the notice of the House the report that the General Motors Co of United States, which is one of the well known big multi-national giants....

SHRI PILOO MODY (Godhra). The biggest.

SHRI INDRAJIT GUPTA: They have enormous influence over the US Administration itself and have their nominees inside the United States Government. The General Motors Co is being permitted to take over one-third of the equity shares in Hindustan Motors, of the value of Rs. 6.58 crores.

SHRI PILOO MODY: A good idea.

SHRI INDRAJIT GUPTA: This will make this company, General Motors, the single largest holder of a block of equities in this company.

SHRI PILOO MODY: At least we will get decent cars.

SHRI INDRAJIT GUPTA: The reason why I want to bring this particularly to the notice of Government is that this appears to be a clear and radical departure from the accepted guidelines, norms and conventions of industrial policy which have been laid down and which are supposed to be in existence upto now.

SHRI SHYAMNANDAN MISHRA (Begusarai). Is this the first one?

SHRI INDRAJIT GUPTA: Yes.

SHRI SHYAMNANDAN MISHRA No.

SHRI INDRAJIT GUPTA: Shri Mishra should know that according to the Government—he may know better—foreign companies are only allowed to float new ventures in this country in collaboration with Indians; they are not permitted to purchase equities in an existing Indian company, as General Motors is being permitted to do.

SHRI SHYAMNANDAN MISHRA Quite right. I agree. But there are other instances also. This also must be condemned as other instances have been condemned earlier.

SHRI INDRAJIT GUPTA: Anyway, I am bringing this instance to the notice of the House. Shri Mishra may provide other instances if he can. But I do not think he can. Anyway, I do not know why he is quarrelling with me on this.

I would, therefore, like the Minister to make a statement sometime, now or later on, as to what prompted Government to flout its own existing guidelines. It is in order to encourage through this method more inflow in future of US private capital into Indian companies?

SHRI PILOO MODY: Belated wisdom.

SHRI INDRAJIT GUPTA: I would just mention that Tatas who also manufacture trucks in TELCO were asked by the Government sometime back to terminate their collaboration agreement with Daimler Benz for the manufacture of Mercedes trucks. But here in this particular case, on the plea of getting technical knowhow for the production of trucks by Hindustan Motors, General Motors of USA is being allowed to take over one third of the equity of this Indian company. I would like to know whether it is a fact that a Committee had been set up by the Ministry of Industrial Development which, *inter alia*, said; in its report:

"Foreign equity participation is not essential for procurement of technology. Direct foreign equity participation tends to increase the technological dependence and has a possibility of direct or indirect influence in management policy".

I want to know what has happened to that report, that recommendation. Why has it been shelved? Why in this blatant and naked way is Government giving its approval to something which is quite unprecedented and

which is quite unnecessary? From the point of view of getting technology, they can have a technological agreement, if they think it necessary, to improve the production of trucks by Birlas in Hindustan Motors. But why are they permitting in the name of technology his foreign multi-national giant to come in and acquire one third of the equity of this company? This will be opening the thin end or the wedge by which in future perhaps such most anti-national type of agreements will be multiplied.

Therefore, I consider this to be a very serious matter affecting the basic policy of Government and Government should come forward and tell us what is exactly behind this deal.

THE MINISTER OF HEAVY INDUSTRY (SHRI T. A. PAI): I would like to make it clear that Government has not come to any decision on the proposal that is before it that the General Motors..

SHRI JYOTIRMOY BOSU: At what stage is it now?

SHRI T. A. PAI: Under consideration.

SHRI JYOTIRMOY BOSU: Since when?

SHRI T. A. PAI: I would not like at this stage even to be pressurised to say Yes or No. But I would like to place the facts before the House.

SHRI SHYAMNANDAN MISHRA: Has the Monopolies Commission recommended it?

SHRI T. A. PAI: All the Acts in force will be observed nothing irregular will be done. But even this matter is taken up for consideration and even

[Shri T. A. Pai]

before the Government comes to a decision to say that we have come to a decision on this is not correct.

I would like to place before the House the proposal.

SHRI PILOO MODY: They are merely building up a lobby (interruptions).

14 hrs.

SHRI T. A. PAI: The authorised capital of Hindustan Motors is Rs. 20 crores and paid up capital Rs. 13.42 crores, out of which 31 per cent is held by the public financial institutions. The Birla's family directly holds 1.49 per cent and the Birla group of companies hold 10.95 per cent. I am placing these facts so that you may draw your own inference. Hindustan Motors, as the House knows, has been making the Ambassador car. It did not have collaboration for making the truck. It has a licensed capacity for making 15,000 Bedford trucks. But it has not been able to make more than 2,500 because the trucks are not saleable and their engine performance is not supposed to be good. Now, this is supposed to be the licensed capacity within the country for making trucks, along with Premiers also, who have a licensed capacity for 15,000 trucks but who did not make more than 8,000 because they could not have a suitable engine. So, the country is dependent on Telco and Ashok Leyland for the requirements of commercial vehicles of seven tonnes and above. To meet the requirements of the public transport system, for providing buses all over the nationalised transport system and the trucks also all over the country we are dependent upon Telco and Ashok Leyland. We have permitted Telco to expand their capacity from 24,000 to 38,000 and Ashok Leyland from 5,400 to 10,000. This means an availability after expansion of 48,000 trucks from

these two companies. We have been trying to see why the licensed capacity in the other units could not also be fully utilised rather than fresh investment capital being made.

We have found that Hindustan Motors is not able to get over certain design manufacturing problems. A proposal has come before the Government.

SHRI INDRAJIT GUPTA: From whom?

SHRI T. A. PAI: Birlas—that, with the General Motors if they are allowed to participate by giving 30 per cent in equity capital—the authorised capital being Rs. 20 crores.

SHRI JYOTIRMOY BOSU: What is the amount of borrowing from public financial institutions.

SHRI T. A. PAI: Very considerable. I do not have that information. This is not relevant. You are only strengthening my case that Hindustan Motors belongs to the Government more than to Birlas.

SHRI JYOTIRMOY BOSU: Exactly.

SHRI T. A. PAI: How does it weaken my case?

SHRI JYOTIRMOY BOSU: What is your case?

SHRI T. A. PAI: Ultimately, the proposal is before the Government that we should permit, on condition that the components and assemblies worth Rs. 7 crores every year would be exported they are permitted to have an equity participation for 10 years.

SHRI INDRAJIT GUPTA: How does it help us?

SHRI T. A. PAI: I am not arguing my case, because a decision has not been made. But I do not want also the criticisms to be irresponsible. The Government would like to take all the facts into consideration, as to how

far this proposal would increase employment in West Bengal; how far it helps the country to have exports worth Rs. 7 crores. If the House says, "We do not want it because it is equity participation," it is open to it to say so. The proposal before the Government is, the six crores that they are going to bring in the shape of equity upgrade and bring the technical knowhow—no other remittances except the dividend if the company makes a profit—

SHRI JYOTIRMOY BOSU: What is the real value of the machinery?

SHRI INDRAJIT GUPTA: For getting their technology or what?

SHRI T. A. PAI: I am only saying the proposal before the Government is that they may be allowed to invest Rs. 6 crores in their equity—if you say that all machinery that may be needed must be purchased in global tenders I have no objection—which is required to be imported. Even in the case of the expansion of Telco from 24,000, the foreign exchange involved is about Rs. 12 crores.

So ultimately any expansion, also involves foreign exchange. Here also what they say is that Rs. 6 crores will be brought in as foreign exchange.

SHRI INDRAJIT GUPTA: Why cannot you purchase these machines instead of allowing them to come in and acquire equities? You can purchase the machinery worth Rs. 6 crores.

SHRI T. A. PAI: I have not made up my mind whether it should be purchased or not. I am only considering whether Rs. 6 crores of foreign exchange should be permitted.

SHRI SHYAMNANDAN MISHRA: How is the foreign exchange being provided in the case of TELCO for expansion?

SHRI T. A. PAI: It is given out of the foreign exchange resources (Interruptions).

Merely because a proposal is before Government, we cannot be pre-empted from considering it. All I am saying is that I am one of those who do not believe that what is good for General Motors is good for India. What we ultimately decide will be on the basis of what is good for India.

SHRI INDRAJIT GUPTA: What is good for Birlas is good for India?

SHRI T. A. PAI: If what is good for Birlas is good for India. I do not think we should object.

SHRI PILOO MODY: I do not think that what is good for the Soviet Union is good for India.

SHRI T. A. PAI: Therefore, I have placed the facts before the House.

MR. DEPUTY-SPEAKER: I do not see the connection anyway.

SHRI PILOO MODY: I do not expect you to see the connection; I expect the other members to see the connection.

SHRI T. A. PAI: No decision has been taken. The newspaper report that the Government has come to a decision is not correct.

SHRI BHAGWAT JHA AZAD (Bhagalpur) On a point of submission. We have heard the Minister say that the case is pending with Government. When in the Country, there is emphasis through the successive plans that the shares of foreign held companies should be nationalised foreign participation in any form should be Indianised this decision if at all it will be Yes, will be in the reverse gear. We would like to know whether Government will give us a chance to put our point of view in the House,

[Shri Bhagwat Jha Azad]

It is not only we but Mr. Schriber in great French writer, who has said that if these multi-national corporations are allowed to operate, as they are operating, in Europe, in another ten years it will be a colony of America. I am not saying this, but French writers people have said it. I hope the Minister has read that book.

If TELCO could be given foreign exchange to purchase the machinery, why should not Hindustan Motors be allowed to do likewise? This is an important policy decision and Government must say that this multi-national corporation will not be allowed to put their foot into this country and make it another colony of America. Therefore, we want that our views should be heard before Government takes a decision on this issue.

SHRI PILOO MODY: I think this is a matter for the party caucus, not for Parliament.

SHRI BHAGWAT JHA AZAD: If they can do it in the case of neckties and under garments, why not do it in the case of motor cars? (*Interruptions*).

MR. DEPUTY-SPEAKER: I am concerned with regulating the proceedings. This is under rule 377 which Shri Indrajit Gupta raised. The Minister is here and he replied.

SHRI JAGANNATHRAO JOSHI (Shajapur): Was it a stage-managed affair, that the issue was raised and immediately it was replied to?

MR. DEPUTY-SPEAKER: I do not know whether you were here to hear the Minister. You just came in, did not know what had happened and started saying something.

SHRI JAGANNATHRAO JOSHI: How was the Minister ready with the statement?

MR. DEPUTY-SPEAKER: Order, order. I take decisions about admission of these notices under rule 377, say, 15 minutes or 20 minutes before 11. As far as possible, the moment we take a decision, we inform the Minister try to inform the Minister when the Minister is ready and he volunteers to come forward, the House is benefited because it gets the information. In other cases where the Minister could not be informed or where he says 'I am not ready for this', the member raises it and the matter is passed on to the Minister. This is about all, we had under Rule 377. This subject is a very sensitive subject, it appears, members say provocative, provoke for good or provocative for bad, I do not know. But if I allow this, then it becomes a debate. Then, I go beyond the limits of Rule 377. Very often, when Members go beyond their limits, I allow them and then pull them back. That is how I run this House. Mr. Azad has made a legitimate demand that it should not end here and Members should be allowed to express themselves on this issue. Some other way should be found. But do not take this opportunity to raise a debate now. Let us end it here.

SHRI BHAGAT JHA AZAD: An important statement has been made. We only request, Sir, that we may be given a chance to express our views. This is what we are asking for.

SHRI S. M. BANERJEE (Kanpur): Sir, my submission is, after hearing the statement by Mr. Indragit Gupta and the reply given by the Minister, I feel that before taking any final decision...

MR. DEPUTY-SPEAKER: Mr. Banerjee, kindly understand. Mr. Gupta has said that we should not allow this matter to end here. Why do you want to drag on? Let us stop here and then try to see what else can be done.

SHRI S. M. BANERJEE: I want an assurance.

MR. DEPUTY-SPEAKER: What assurance?

SHRI S. M. BANERJEE: The question is, before taking any final decision either in the Cabinet....

SHRI PILOO MODY: The CPI must be consulted.

SHRI S. M. BANERJEE: Mr. Pilo Mody may be happy. That is a different matter. He can express himself. But my point is, this House must be given an opportunity to discuss this matter before any decision is taken by the Government.

MR. DEPUTY-SPEAKER: That is a good point made.

SHRI JYOTIRMOY BOSU: Sir, I want clear and categorical replies from the hon. Minister, Firstly, what is preventing them from releasing the required amount of foreign exchange in favour of Hindustan Motors, as it stands now, so as to enable them to produce the type of engine they require? What is the built in capacity of Telco and Ashok Leyland? How much they are utilising on three shift basis. Are they utilising the built in capacity? If you ask me. I would say 'no' Thirdly, the whole world is agitated and the United Nations has set up a machinery to go into the misconduct of these multi-national corporations who are toppling Governments everywhere.

(Interruptions)

What I am saying is, when the United Nations itself has constituted a Commission to go into the affairs of these multi-national corporations and their expansionism, how is it that you have suddenly started moving anti-clock-wise?

SHRI T. A. PAI: We have not invited the multi-national corporations to come here. We have not decided that they should not submit any application for our consideration. I can quite understand that these multi-

national corporations are very powerful and they are in a position to topple Governments. But, we are not likely to allow them to function in our country in such a way that we are so weak....

(Interruptions)

Our prejudice against the multi-national corporations is one thing. But, I would like to tell the House that it is up to the House to make up its mind as to what we should have in this country. Now, we talked about TELCO. TELCO has a collaboration with Mercedes Benz for the last several years

SHRI INDRAJIT GUPTA: That is being terminated now.

SHRI T. A. PAI: It has been terminated. But, they still hold 14 per cent of the capital. There are many multi-national companies which are holding capital in this country. Ashok Leylands has also capital held by Leylands. My point, so far as the influence of capital is concerned, it depends on the amount of capital, whether they are old or new. So far as we are concerned, we only consider how much of our foreign exchange goes out by way of dividends, whether we require this capital and whether we should permit them to come in or not. These are the points to be considered on their own merits. Therefore, if this question has to be decided in consultation with the House, I think entire policy about any capital held by any multinational company has to be decided here. By definition, a company which operates in more than two countries becomes multinational, whether it is France, Great Britain, U.K., the colour of the multinational companies will be the same. The matter will certainly be considered by the Government according to its policy and not because we want to help any one particular individual business house.

SHRI VASANT SATHE (Akola):
Prima facie we are very apprehensive

[Shri Vasant Sathe]

of multinational corporations coming from the United States.

SHRI PILOO MODY: When the Soviet Union has invited so many multinational companies to come into the Soviet Union, why are they depriving our country of this benefit?

SHRI BHAGWAT JHA AZAD: It seems the minister's argument is for inviting such corporations. Is that the Minister's interpretation of Government's policy? Since it is not a question of any individual case but of the policy of putting in the reverse gear the whole policy of Indianisation, we demand a discussion on this.

SHRI RAMAVATAR SHASTRI (Patna): I support the demand.

(ii) ALLEGED RACKET IN TEXTILE EXPORT

SHRI VASANT SATHE (Akola): I want to invite the attention of the House to another disturbing news of a flourishing racket in the textbook export that has appeared today:

"The Government is reported to be losing at least Rs. 50 lakhs annually in foreign exchange in a flourishing book export racket....

Universities, technical institutions and colleges in the country are deprived of important textbooks. This illegal but lucrative export trade reportedly confined to low cost textbooks being imported from the English Language Book Society, London and the Mc-Graw Hill Kongakusha Ltd., Japan.

Two or three publishers in Delhi are reported to have specialised in this illegal trade. According to reports reaching here, one of them sought official permission from the Chief Controller of Imports but the CCI is understood to have replied that the subject does not come under the purview of his department. This was taken as permission.

The exporters often visit foreign countries and are reported to maintain large bank accounts abroad with the funds created by under-invoicing."

Whereas important technical books on science, organic chemistry, biology, etc. are not allowed to be kept in this country and are being exported, these very publishing houses are allowed to import obscene books, blue films etc. Apart from newspapers and magazines, the only Indian books that are exported by them are *Kama Sutra*. I request the Government to take a very serious note of this racket and take some immediate steps to stop this racket flourishing under the very nose of Delhi. Will you take the necessary steps and assure this House of the steps that you are going to take? After taking those steps, will you tell the House whether you have succeeded in stopping this racket? Would the Minister tell us something on this now?

MR. DEPUTY-SPEAKER: Not today.

SHRI JYOTIRMOY BOSU: Sir, 40 Iranian students have gone on strike in front of....

MR DEPUTY-SPEAKER: I think you raised it yesterday or the day before. You have to understand that every morning we receive notices of 30 or 40 subjects which Members think are very important. Out of all this we have to exercise our subjective judgment as to which are more important. In all fairness I decided that these two are more important for the country. We cannot go on taking them one after the other.

SHRI JYOTIRMOY BOSU: Let the Government give some assurance. It is alleged that somebody high up in the External Affairs Ministry has been bribed by some Embassy and that is why these boys are treated like this.