

[Shri Tanneti Viswanatham]

enforcing the fundamental rights under Part III of the Constitution. If I may with respect, borrow the felicitous language employed by Chief Justice Patanjali Shastri.....that as regards fundamental rights this Court has been assigned the role of a Sentinel.....The anxiety of this Court not to whittle down the amplitude of the fundamental rights guaranteed has found expression in several of its judgements."

MR. CHAIRMAN : He may continue his speech during the next session.

SHRI TENNETI VISWANATHAM : May I request the government to give me some time during next week ?

17.29 hrs.

HALF-AN-HOUR DISCUSSION RE : PRODUCTION OF INDIAN TOBACCO COMPANY BEYOND INSTALLED CAPACITY

MR. CHAIRMAN : The House will now take up the half an hour discussion.

SHRI JYOTIRMOY BASU (Diamond Harbour) : Within the brief time at my disposal I shall show how important it is for the Indian economy to stand on its own foot. I will also show how in the case of a single item of consumer goods the monopoly giants eat away the Indian consumers, the tobacco growing peasants, the workers, the exchequer and the tax collectors by showing the profit elsewhere and make us lose foreign exchange by export of raw materials which can be made finished goods here by small Indian entrepreneurs.

My main demand is, at the beginning I must say, immediate thorough probe in to the entire cigarette industry; its Indian and foreign monopolies, its ownership, capital structure and family control or coterie control; cost structure from the point of view of the consumer; interest of the tobacco growers; and the possibility of export of finished goods. Finally, this

whole industry needs to be nationalised at once.

I am quoting the names of the producers from a reply given to starred question No. 1671 dated the 13th May, 1969 in which they gave ten names. They are : Imperial Tobacco Co. Ltd., Calcutta (today they have taken the garb of Indian Tobacco Company); Vazir Sultan Tobacco Co., another interlocking subsidiary sister concern; Godfrey Phillips, Golden Tobacco Co.; National Tobacco Co.; D. Macropolo; Masters Tobacco; Crown Tobacco; Hyderabad Deccan Cigarette Factory and International Tobacco Company.

The Golden Tobacco Company is an Indian family concern. I am told it has about Rs. 28 lakhs of capital. It is a family monopoly. There are 14 persons holding about Rs. 20 lakhs each. This also has to be looked into because we cannot encourage such family monopolies in this country. This is a purely Indian company, still from the point of view of discouraging monopoly we must look into the matter.

Then I come to another giant combine. This has the same control, management and cleverly done interlocking of ownership. One is Indian Tobacco Company—there is very little Indian in it—Vazir Sultan Tobacco Company and Indian Leaf Tobacco Co. Their cousins are Molins, Triveni Issues and India Foils—all controlled by British American Tobacco Company Limited of United Kingdom.

SHRI K. NARAYANA RAO (Bobbili) : In the case of Vazir Sultan Tobacco Company, the Government of Andhra Pradesh has shares in it. How can you say that it is controlled by the British ?

SHRI JYOTIRMOY BASU : Are you a spokesman of Indian Leaf Tobacco Company.

SHRI K. NARAYANA RAO : No.

SHRI JYOTIRMOY BASU : I come to the composition. The Indian Licensing Policy Inquiry Committee says at page 113 that the country of origin of the Imperial Tobacco Company is UK and the holding

company is Tobacco Manufacturers (India) Limited. If I go further to page 121, I find that in the case of Vazir Sultan Tobacco Company, about which my hon. friend there is very eloquent—I admire him—the name of the holding company is Raleigh Investment Company Limited and the country of origin is UK, United Kingdom.

Then, I will come to the size of one unit. How much is it ? I am quoting from the Prospectus of the said company:—

"The Directors are of the opinion that, subject to unforeseen circumstances, turnover for the current financial year ending 31st March 1970 should exceed Rs. 140 crores and profits before taxation should amount to approximately Rs. 7 crores."

Add to that another Rs. 30 crores of Vazir Sultan Company Limited, for, whom he tried to wax eloquent.

SHRI SITARAM KESRI (Katihar) :
Sir, I have a point of order. There is no quorum in the House. Unless quorum is there in the House, how can the proceedings go on ? (Interruption)

MR. CHAIRMAN: If a Member challenges quorum, the Chair is helpless... *(Interruption)*. But I did not expect a Member belonging to the ruling party to do it.

SHRI M. L. SONDHI (New Delhi) :
Misruling party.

SHRI SITARAM KESRI : There is no quorum in the House.....(*Interruption*)

MR. CHAIRMAN: I did not expect him to do that.

SHRI TENNETI VISWANATHAM
(Visakhapatnam) : Not only that, may I
say this.....

SHRI S. KUNDU (Balasore) : May I say that when such an important matter is being discussed.....

MR. CHAIRMAN : The point is : you should understand that once a Member

has challenged the quorum, there is no scope for any discussion.

SHRI M. L. SONDHI : The point is : at what stage the disturbance is created.

MR. CHAIRMAN : I am sorry. The rules are very clear on the subject.

SHRI M. L. SONDHI : The moment he raised the point which is of very great interest to this House, an hon. Member, a senior Member of this House.....

MR. CHAIRMAN : The quorum bell will ring now.

The bell is being rung.....Still, we have not quorum. But what can the Chair do?(Interuption). Mr. Banerjee, the hands of the Chair are tied. I can again ring the bell. This is what the Chair can do. I am asking the bell to be rung once again. Yes, now there is quorum. Shri Jyotirmoy Basu may continue his speech.

SHRI JYOTIRMOY BASU : I have already explained to you about the origin of the company, about the size of the company etc. The India Tobacco company had an installed licensed capacity of 18,860 millions of cigarette production per annum. On May 30, 1969, in answer to a question the Minister said this. This is in reply to Question No. 1671. He said that licensed capacities were: Indian Tobacco Company 24,240 million and Vazir Sultan Tobacco Company 8880 million. This figure was again confirmed by the Minister in reply to a Question on the 4th August, 1970.

But, Sir, surprisingly, Mr. Dinesh Singh in reply to a Question No. 216 dated the 10th November, 1970, quite recently, mentioned that the capacities under the Licensing Provision 1969, of these companies were: India Tobacco Company 30,300 million pieces per annum and Vazir Sultan Tobacco Company 11,100 million pieces per year.

Sir, I have already said before that the installed licensed capacity was at the figure of 18,860 millions. Against that, what happened?

[Shri Jyotirmoy Basu]

This figure of Rs. 18,860 jumped up to 24,240 and then again it jumped up to 30,200 millions.

The Ministry of Industrial Development and Internal Trade has very conveniently given 25 per cent increase of substantial expansion without the procurement of licence to cover up the increased production of the foreign companies beyond the registered licensed capacity. How the capacity stepped up and on what justification, I hope, the hon. Minister will tell us in his reply.

Then, what happened? After the alleged Pakistani aggression, on the 27th October, 1966, the Government of India exempted scheduled industrial undertakings from licensing for the purpose of diversification to produce new articles or articles for which they were licensed. This liberalisation was subject to the condition that the capacity to produce new articles or the same articles for which they were licensed does not exceed 25 per cent of the existing licensed or registered capacity by value. On the 18th July, 1970, another Notification No. IDRA/29B/70/5 was issued. I have got a copy of the notification with me here. It withdraws the liberalisation and it provides that the exemption shall not apply to any industrial undertaking if the undertaking is a foreign company or a branch or a subsidiary of a foreign company. I have already established from the documents that both these are foreign companies. Secondly, the exemption would not apply to any undertaking, if the total assets in land, buildings, plant and machinery of the industrial undertaking do not exceed Rs. 5 crores. I have already shown in both these cases, the figure exceeds Rs. 5 crores, that is, in the case of the India Tobacco Co. and the Wazir Sultan Tobacco Co.

In the report of the Industrial Licence Policy Enquiry Committee, at page 113, the Imperial Tobacco Co. of India Ltd. (now known as the India Tobacco Co. Ltd., has been declared as an Indian subsidiary of foreign company of Tobacco Manufacturers (India) Ltd. UK with assets of more than Rs. 34 crores, and at page

121, the Wazir Sultan Tobacco Co. has been described as an Indian subsidiary of a foreign company of Raleigh Investment Co. Ltd., UK, with assets of more than Rs. 6 crores. Government must explain categorically how they had allowed excess production over and above the licensed capacity. There are a few other things that the House must know. This foreign monopoly, the Imperial Tobacco and other one, namely the Wazir Sultan Co. are interlocking everywhere. This Indian Leaf Tobacco Development Co., one of the few, has a paidup capital of Rs. 180 lakhs, whilst in one year, in 1968, they made a profit of Rs. 210 lakhs. The total value of its assets in India in 1966 was more than Rs. 12 crores, which has touched Rs. 23 crores in 1969, which is an increase of about 100 per cent in three years. They have a monopoly and they always dictate terms whenever they sell tobacco or buy tobacco or sell cigarettes. They have imposed the most rigid terms on the helpless tobacco peasant and placed limitations and restrictions on the prices before they market their products, to suit their convenience.

India produces one of the best varieties of tobacco and it has the third position in the world growth. Although the Indian Tobacco Co. had 25,000 workers in 1964, it has been reduced to 19,000 only in 1970.

The profiteering could easily be guessed from just one example, namely that a kilo of fluecured Virginia tobacco is bought by them at Rs. 9, whilst they sell a kilo of tobacco for pipe-smoking sold in pouches at Rs. 120 per kilo inclusive of excise duties.

If you look at their prospectus, which has been published very recently, you will find that they expect a total turnover of more than Rs. 170 crores this year, and in their new share capital, our public sector undertakings have also invested...

MR. CHAIRMAN : The hon. Member should conclude now. This is a half-an-hour discussion.

SHRI JYOTIRMOY BASU : Kindly given me two or three more minutes. Look

at the rigmarole that we have had to pass through.

The cigarette industry in India is dominated by a powerful combine, British American Tobacco Co. Ltd., London, through these associates, the Imperial Tobacco Co. Ltd., (now India Tobacco Co. Ltd.,) and Wazir Sultan Tobacco Co. Ltd. This combine B.A.T. with a net work of some 150 factories controls the cigarette industry in 55 countries. This is an international monopoly concern. For example, the Wazir Sultan Tobacco Co. was purchased for Rs. 6 lakhs in 1930. Today, it is earning Rs. 203 lakhs, and the share of the foreign shareholders is 67 per cent. The profits went up by 50 per cent in 1969, while the production went down.

The Indian Leaf Tobacco Development controls tobacco buying and selling. Cigarette machinery is monopoly of Molins of India while cigarette paper is the monopoly of Tribeni Tissues.

SHRI RANDHIR SINGH (Rohtak) : He wants Indian tobacco or British tobacco ? What does he want ? All the time, he is talking about tea and tobacco.

SHRI JYOTIRMOY BASU : He should be sent for an IQ test. The India Tobacco Co. Ltd. and the Wazir Sultan Tobacco Co. are interconnected undertakings with control of the common holding company, the British American Tobacco Co. Ltd., London, a foreign monopoly controlling 70 per cent of the cigarette production and marketing in India. The Indian Leaf Tobacco Development Co. Ltd., is a sister concern of the India Tobacco Co. and it is a subsidiary of the British American Tobacco Co. which is a hundred per cent sterling company registered in UK, and it has 80 per cent monopoly in the field of tobacco purchase, sales and exports. The history of the indigenous cigarette industry is a tragic one, because due to the foreign monopoly in the cigarette industry, 200 indigenous factories cigarette factories have been wiped out.

MR. CHAIRMAN : The hon. Member should conclude now.

SHRI. JYOTIRMOY BASU : Kindly give me two or three more minutes.

MR. CHAIRMAN : This is a half-an-hour discussion. He should conclude now.

SHRI JYOTIRMOY BASU : Is it true that the profits of Wazir Sultan Tobacco Co. went up by 50 per cent or Rs. 70 lakhs whereas production went down in 1950 as compared with the previous year ? Less production, more profit. Similarly, Indian Tobacco Company's profits went up by Rs. 114 lakhs, while its production went down in 1969 as compared to 1968.

Is it a fact that ITC's production went up by 7 per cent whereas profit went up by 70 per cent in 1969 as compared to 1967 ? As it also true that the share of the foreign sector in the cigarette production came down from 76 percent in 1957 to 68 per cent in 1964 but it has again gone up from 68 to 80 per cent in 1969 ? If so, I would like Government to tell us how it happened.

Indian Tobacco's assets have gone up by Rs. 20 crores between 1960 and 1970 and has gone up by 100 per cent since 1955 standing at more than Rs. 45 crores in 1970.

Choice tobacco is given to the subsidiaries abroad and they are charged a lower value and their Indian sister concerns are given tobacco at higher prices so that the balance sheet could be neutralised. Foreign sister concerns get the best of tobacco at lower prices and make a huge profit in their own country. I can easily call it as a kind of drain of foreign exchange in kind.

In India the value of tobacco charged to the sister concerns, Imperial; Indian Tobacco and Wazir Sultan, is shown in such a way that these two latter companies are not required to pay a higher income tax.

The Indian Leaf Tobacco Company send leaf tobacco without agmark. They have their own grading for obvious reasons, fiddling with foreign exchange. After 60 years, they still have to use international brands claiming foreign ownership. They have capitalised an amount of Rs. 4,90,34,487 which works out to a dividend

[Shri Jyotirmoy Basu

paid out of about Rs. 65 lakhs every year, for something which does not exist.

If somebody reads the brand on the cigarette packet, what is written there ? Property of W. H. O. Wills of Bristol, London'. On that pretext they have been sending money.

For one cigarette, say, Indian King, the buyer has to pay 16P. I agree Government gets an excise of 8 or 9P. But as for the balance, the value of true tobacco content in that cigarette is not more than one paisa. So you are smoking nearly one paisa-smoking cigarette paying for it 8 or 9P. If the money goes to the exchequer, I can understand it.

Then the poor peasant growing tobacco has to dance to the tune of the foreign monopolists. He gets only a fraction of a fraction of the value.

I reiterate my demand for a thorough probe into this immediately. Government must nationalise the cigarette industry so that the producers, consumers and the exchequer could benefit out of it.

श्री शिवचन्द्र झा (मधुबनी) : जार्ज बर्नार्ड शाह का कहना था कि स्मॉकिंग नेस्टी है। गांधीजी के भी यही विचार थे। इन दोनों महापुरुषों के विचारों के खिलाफ जाकर सरकार काम करती है और सरकार की नीति है कि सिग्रेट और तम्बाकू के प्रोडक्शन को बढ़ाया जाए।

इन्हीं दायरों में मैं प्रश्न पूछना चाहता हूँ। कुछ समय पहले चाय के कंजम्पशन को बढ़ावा देने के लिए चाय कंपनियों द्वारा मुफ्त चाय पिलाई जाती थी। 1941-42 की बात मुझे याद है। जब हम आजादी के आन्दोलन में शामिल थे तब ह्वं कहा जाता था कि चाय पियो, फिर अपने को गिरफ्तारी के लिए पेश करो। इसी तरह से सभी जगह लोगों को बुला बुला कर मुफ्त तब चाय पिलाई जाती थी। हम देखते हैं

कि हर बजट में टी और सिग्रेट पर आप टेक्स की मात्रा बढ़ाते जा रहे हैं। हम भी चाहते हैं कि इनकी कंजम्पशन देश में कम हो, सिग्रेट कम लोग पियें। लेकिन हम देखते हैं कि सिग्रेट की कंजम्पशन बढ़ती जाती है। जिस तरह से टी कंजम्पशन को बढ़ाया गया है। क्या उसी तरह से सिग्रेट पिलाने की आपकी नीति है और उसी नीति को अपना कर आप सिग्रेट के कंजम्पशन को बढ़ाना चाहते हैं और अगर है तो वह क्या है, यह मैं आप से जानना चाहता हूँ।

मैं यह भी जानना चाहता हूँ कि पिछले तीन सालों में इन विदेशी सिग्रेट कंपनियों ने कितना मुनाफा देश से बाहर भेजा है।

जब यह सरकार गांधीजी और जार्ज बर्नार्ड शाह के कथन के मुताबिक काम नहीं करती है, और वह तम्बाकू उद्योग को बढ़ाना चाहती है, तो क्या उत्तर बिहार में कोई सिग्रेट फैक्टरी खोलने की उस को कोई योजना है; यदि हाँ, तो क्यों और यदि नहीं, तो क्यों नहीं ?

सिग्रेट के साथ बीड़ी की भी बात आती है। मैं यह जानना चाहता हूँ कि सरकार ने सिग्रेट और बीड़ी उद्योग को बढ़ाने के लिए चौथी-पंचवर्षीय योजना में कितनी रकम दी है।

श्री वेणो शंकर शर्मा (बाँका) : सभापति महोदय, इस सदन में कितने ही प्रश्न उठाए जाते हैं, लेकिन बहुत कम ऐसे अवसर होते हैं, जब मैं और मेरी पार्टी श्री ज्योतिर्मय बसु और उनकी पार्टी के साथ सहमत होते हैं। किन्तु जब कभी वे राष्ट्र-हित की बात करते हैं, तो हम बराबर उन के साथ होते हैं। यह प्रश्न भी ऐसा है, जिस में राष्ट्र-हित का सवाल निहित है।

मैं इस झगड़े में नहीं पड़ना चाहता कि सिग्रेट पीना अच्छा है या बुरा। लोग सिग्रेट पीते हैं और इस व्यवसाय से सिग्रेट

निर्माताओं को काफी आमदनी होती है। मैं चाहता हूँ कि इस व्यवसाय से जो आमदनी हो, वह भारतवर्ष में रहे और भारतवर्ष के लोगों को मिले। इण्डियन टोबाको कम्पनी चाहे कितना ही प्रचार करे, वह एक विदेशी कम्पनी है, इस में दो मत नहीं हो सकते। श्री बसु ने आंखें दे कर बताया है कि इस कम्पनी के द्वारा कितना रुपया डिस्ट्रिब्यूट आदि के रूप में देश से बाहर भेजा जाता है। उसे बन्द करना होगा। मैं फिर कहना चाहूँगा कि सिग्रेट का व्यापार अच्छा हो या बुरा, किन्तु इसमें जो भी लाभ हो, वह इसी देश में रहे।

इस पृष्ठभूमि में मैं मन्त्री महोदय से जानना चाहता हूँ कि क्या यह सही है कि इण्डियन टोबाको कम्पनी की जो क्षमता है वह उससे ज्यादा सिग्रेट बनाती है। हमारे देश में जो शुद्ध भारतीय कम्पनियाँ काम कर रही हैं, क्या वे अपनी क्षमता के अनुसार उत्पादन कर रही हैं? यदि उन का उत्पादन उन की क्षमता के मूलाबिक नहीं हो पा रहा है, तो उस का क्या कारण है?

आंध्र प्रदेश और उत्तर बिहार में हमारे किसान जो तम्बाकू पैदा करते हैं, इण्डियन टोबाको कम्पनी की एक सबसिडियरी कम्पनी इंडियन लीफ़ डेवेलपमेंट कम्पनी, उस को खरीद कर कानसाइनमेंट बेसिस पर पुनाइटिड किंगडम को भेजती है। यू० के० में वह तम्बाकू कानसाइनमेंट बेसिस पर चाहे किसी भाव पर बेची जाय उसका कोई हिसाब नहीं रहता। क्या मन्त्री महोदय को इस बात की जानकारी है कि वह कम्पनी यहाँ से तम्बाकू किस भाव पर खरीदती है और पुनाइटिड किंगडम में उस को किस भाव पर बेचती है? यह कहा जाता है कि वह वहाँ पर तम्बाकू कम भाव पर बेचती है और इस तरह अपना मुनाफा वहाँ ट्रांसफर करती है।

इस सदन में इस प्रकार की बहुत बातें कही जाती हैं कि कुछ व्यापारी ग्रैंडर-इनवार्यसिंग और ओवर-इनवार्यसिंग कर विदेशों को गैर-कानूनी तरीके से फारेन एक्सचेंज ट्रांसफर करते हैं। मेरा आरोप है कि यह कम्पनी एक ऐसी ही तरकीब से इनकम टैक्स को भी बचाती है और हमारी फारेन एक्सचेंज की आमदनी को भी रोकती है। वह सिग्रेट बनाने के लिए यहाँ तो अधिक दाम पर तम्बाकू लेती है और अपनी सिस्टर कम्पनी को पुनाइटिड किंगडम में वही तम्बाकू एक्सपोर्ट करती है और उस के कम दाम लेती है। यह विषय मन्त्री महोदय के विभाग से सम्बन्धित नहीं है, लेकिन वह अपने फिनांस मन्त्रालय से जाँच-पड़ताल करायें कि इस प्रकार इनकम टैक्स और फारेन एक्सचेंज का कितना नुकसान होता है।

मेरा दूसरा प्रश्न यह है कि हमारी कामसं मिनिस्ट्री में यहाँ के मैन्युफैक्चरर्स और मानोपाली हाउसिंग की कास्ट एकाउंटिंग कराने की बात चल रही है। मैं यह भी जानना चाहता हूँ कि क्या सिग्रेट बिजनेस में भी कास्ट एकाउंटिंग की गई है क्या यह पता लगाने का प्रयत्न किया गया है कि सिग्रेट बनाने पर क्या लागत पड़ती है, अगर नहीं, तो क्या आगे ऐसा करने की कोई व्यवस्था की जायेगी?

इस कम्पनी की सिग्रेट के व्यवसाय में केवल मानोपाली ही नहीं है मेरी दृष्टि में भयंकर मानोपाली है। इस कम्पनी की सिस्टर कम्पनियाँ सिग्रेट के कार्टून, डिब्बे, फायल या पन्नी बनाती हैं। मैं मन्त्री महोदय से यह प्रार्थना करूँगा कि सिग्रेट के बनाने में जो और चीजें लगती हैं, जैसे, कागज, कार्टून, डिब्बे आदि, कम से कम वे इस क्षेत्र की मानोपाली को खत्म कर के भारतीय फर्मों को यह सहायक काम दिलाने की कोशिश करें।

श्री सीताराम केसरी (कटिहार) : सभापति महोदय, यह कम्पनी ब्रिटिश का है या पीकिंग की, इस से मेरा सम्बन्ध नहीं है। मैं मंत्री महोदय से यह पूछना चाहता हूँ कि सरकार ने कंपैसिटी में एक्सपेंशन करने की जो इजाजत वजीर मुल्तान या इंडियन टोबैको कम्पनी को दी है, क्या यह सच है कि आंध्र प्रदेश सरकार ने इस बारे में अपनी रिकमंडेशन दी है? क्या वह यह भी बता सकते हैं कि अगर किसी स्टेट के द्वारा कोई पाजिटिव रिकमंडेशन होता है, तो क्या सरकार उस को टर्नडाउन कर सकती है?

जैसा कि श्री वेणी शंकर शर्मा ने कहा है, ये कम्पनियाँ अंडर-इनवायसिंग और ओवर-इनवायसिंग कर के विदेशों में पैसा भेजती हैं। मैं चाहूँगा कि इस बारे में जाँच-पड़ताल की जाये। चाहे कोई ब्रिटिश कंपनी हो और चाहे पीकिंग की या इंडियन कम्पनी हो, अगर वह एक्सपोर्ट और इम्पोर्ट में अंडर-इनवायसिंग और ओवर-इनवायसिंग करती है, तो उसको जरूर पकड़ना चाहिए। जो कंपनी ऐसा करती है, चाहे वह कंपनी विदेशी हो या भारतीय, गॉल्डन टोबैको कम्पनी हो या इम्पीरियल टोबैको कम्पनी या इंडियन टोबैको कम्पनी, उस के बारे में पूरा इनवेस्टिगेशन होना चाहिए और उसको पनिश करना चाहिए।

जब मुल्क आजाद हो गया है, तो इन्टर-नेशनल ट्रेड के आधार पर हमारे मुल्क के जो लोग व्यापार करने के लिए एक दूसरे मुल्कों में जाना चाहते हैं, हमें ऐसा कोई काम नहीं करना चाहिए कि वहाँ भी इस तरह की भावना पैदा हो जहाँ तक मुझे खबर है, आन्ध्र प्रदेश सरकार ने सेंट्रल गवर्नमेंट को यह अडरटेकिंग दिया है कि वजीर मुल्तान के कितने फारेन शेयर हैं, वे इण्डियनाइज हो जायेंगे।

18.00 hours

SHRI K. LAKKAPPA (Tumkur) : My friend Mr. Jyotirmoy Basu has picked up only one company.

SHRI JYOTIRMOY BASU : On a point of order. I had read out the names of, not one, but ten companies; he was not here.

SHRI K. LAKKAPPA : In answer to a question, Shri M. R. Krishna stated that the Government's declared policy was to encourage the production of cigarettes in Indian-owned firms and that Government was also encouraging the establishment of companies which are 100 per cent Indian-owned. I am putting a question. This particular India Tobacco Company and another rival Company which is also creating a big lobby—these are all controversial companies working in this country with foreign capital and making profits. All our money is going outside. The other thing he made clear was about over-invoicing and under-invoicing. Many time it has been brought to the notice of Parliament and also to the notice of the Government, and no enquiry has been held so far as that aspect is concerned. So, I would like to know whether the Government is very serious about the need that foreign-owned companies should be dealt with very severely, and also whether they will see that the Indian shares are increased in these companies in order to see that these companies are Indianised completely. What are the programmes and policies before the Government at present?

SOME HON. MEMBERS rose—

MR. CHAIRMAN : The Minister. It is already late. We will have another opportunity.

THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND INTERNAL TRADE (SHRI M. R. KRISHANA) : Sir, the hon. Member, Mr. Jyotirmoy Basu, who initiated the discussion, was very, very vehement in advocating his arguments against certain companies. If the House is aware—

SHRI JYOTIRMOY BASU : The cigarette industry as a whole, I said.

SHRI M. R. KRISHNA : Just like the tea industry with which Shri Basu is very well conversant, the cigarette industry also is one of the ancient industries and if there is

a monopoly in the cigarette industry there is no surprise. In 1888 perhaps, the selling of cigarettes started in this country. From 1908, the manufacture started in this country and even at that time, it was only a Foreign Company which was operating in this field, and the ILTD which was originally known as the Imperial Tobacco Company was operating in this field. They were purchasing tobacco from this country and exporting it to foreign countries and making huge profits on that. Now, the main point which my hon. friend Shri Lakkappa—

SHRI JYOTIRMOY BASU: We cannot believe this cock-and-bull story.

SHRI M. R. KRISHNA : My good friend Mr. Basu—I may tell him that I am not as unreasonable as he appears to be this afternoon. If there is any information which I am not giving to him at the moment, and if there are any incorrect statements, I am prepared to come before the House and correct those statements. Mr. Basu should not create this impression that the Government of India is trying to shield anybody or favour any foreign company. Our main concern today is to reduce foreign participation in these companies, whether it is V.S.T. or L.T.C. When V.S.T. has come forward for expansion, this is the condition we prescribed, viz., they will have to bring down their foreign participation to a minority share. If in a company which was 100 per cent British-owned like ITC, if efforts are made to reduce it to 49 per cent, it should be appreciated. If the House wants to pass a legislation nationalising everything, it is a simple matter; it can be brought before the House in one sentence and passed. But it is not so simple as Mr. Basu thinks. He has been dealing with the tea industry and he knows what trouble Government had to face in the tea industry.

Regarding repatriation of profit, in three years' time there was a repatriation of Rs. 3.5 crores. There is also export of about Rs. 31 crores of tobacco from this country by the same companies. The quantum of repatriation may be high today but it is our sincere effort to bring it down.

Mr. Kesri asked about V.S.T. whether the Government of Andhra Pradesh have asked for expansion. They have not only asked for expansion, but it is also likely that the State Government might increase its share capital in V.S.T., which is now

SHRI JYOTIRMOY BASU : My point.

SHRI JYOTIRMOY BASU : Your circular does not say that.

MR. CHAIRMAN : Order, please. How is it possible to have a discussion in

[Shri M. R. Krishna]

about 8 to 9 per cent of the capital investment.

SHRI K. LAKKAPPA : What steps are you taking to increase Indian share ?

SHRI M. R. KRISHNA : This is an exercise which has to be done by the Government in order to increase the Indian participation in these companies. It automatically means expansion. Otherwise, you cannot allow any Indian participation to get into it. We are trying to encourage Indian participation and minimise foreign participation in these companies. There are certain companies which stood a lot of competition from some British companies. Golden Tobacco, for instance, has increased by leaps and bounds and it deserves credit. Today, as Mr. Basu said, we should not allow any one individual family concern to have a monopoly of anything. As I said our policy is, if they are 100 per cent Indian companies, we would like to give all encouragement to them. 25 per cent diversification is allowed to Indian companies. But in the case of foreign companies, we have put a restriction that they can expand only in the same production.

SHRI BENI SHANKAR SHARMA : Are you getting the manufacturing costs investigated in this industry as in other industries ?

SHRI M. R. KRISHNA : That is an important matter. At this moment I would not be able to give the information. But I will surely supply it to the hon. Member. We have asked for information on various things from these companies and they will have to provide the answers to them. We do not want anything to be hidden from this House. As far as possible, we will have to get all the information and take remedial steps where necessary.

Today the production of both foreign controlled and Indian companies has exceeded the production limits. They are operating within the 25 per cent limit. If

we find that any company has violated this licensing provision, we will have to deal with that company under the Act.

SHRI JYOTIRMOY BASU : Has this company violated it and, if so, have the government taken any action ?

SHRI M. R. KRISHNA : So far we have not got any indication to prove that this company has violated it. As I have said, all the companies have taken advantage of that circular and they have expanded their production by 25 per cent of the licensed capacity

SHRI S. KUNDU : Why this mysterious and mischievous circular by which you keep one-fourth of the production open ?

SHRI M. R. KRISHNA : There is no mystery about the circular. Shri Basu was referring to one circular. He has not seen the other circular which was issued on the very same day.

In order to allow other units to come into this field we have already licensed two units and we have given letter of intent to four units. Our object is to see that more smaller units come into the field, and we would like to give them all the encouragement so that we can curb the foreign monopoly. We have taken steps to see that Indian participation has increased in some of the existing companies in which right from the beginning the foreign participation happened to be greater. There is no denying the fact that in the earlier years repatriation was going on on a large scale. Now efforts are being made to curb that, the results of which the hon. Member will see in course of time.

SHRI JYOTIRMOY BASU : I have known Shri Krishna to be quite a truthful man outside the House. He had stated that these companies were allowed to produce 25 per cent more than their capacity. But there were two conditions. One condition

was that companies whose total wealth was more than Rs. 5 crores or 6 crores would not be allowed to increase production. Both companies have assets worth much more than that limit. How do you explain that ?

Shri Basu asks for information which is not in his possession, then I am prepared to supply it to him. Because, there is nothing which we want to conceal.

18.20 hrs.

SHRI M. R. KRISHNA : As I have said earlier, all the facts are before the House and before the hon. Members. If

The Lok Sabha then adjourned till Eleven of the Clock on Monday, December 14, 1970/Agrahayana 23, 1892 (Saka)