

SHRI S. M. BANERJEE: Let the ministers read the newspapers in the morning and then make statements in the House on important matters. (Interruptions).

12.42 hrs.

# FOREIGN EXCHANGE REGULATION BILL—contd.

MR. SPEAKER: We will now take up discussion on the Foreign Exchange Regulation Bill. Time already taken is 1 hour 35 minutes. Balance time for general discussion is 2 hours 25 minutes. Time for clauses 1 hour, and time for third reading 1 hour. Shri Jaganatha Rao to continue his speech. He is not here.

SHRI SOMNATH CHATTERJEE (Burdwan): We have given notices of some amendments this morning. Will you kindly direct them to be circulated?

MR. SPEAKER: It is too late now. If there are one or two amendments, I can allow. But there are so many, I do not want to introduce this practice. Why do you trespass the rules every day, nullify everything we have been following and introduced new practices? Shri Mahajan.

SHRI Y. S. MAHAJAN (Buldana): Sir, I raise to support the Foreign Exchange Regulation Bill as amended by the Joint Committee. Exchange control was first adopted in India on the outbreak of the second World War under emergency powers derived from the Defence of India Rules. First it was confined to countries of the non-sterling area, particularly the US dollar. It was put on a permanent basis in 1947 and later extended to countries belonging to the sterling area also. The Act has been administered by the Reserve Bank in accordance with the general policy laid down by the Government in consultation with it. Exchange control in India

supplements trade control also as administered by the Ministry of Commerce under the Import and Export Control Act, 1947. In spite of this vigorous control there has been widespread leakage of foreign exchange through underinvoicing of exports and overinvoicing of imports. The extent of the loss thus suffered has been estimated by the Kaul Committee at Rs. 240 crores per annum. That Committee went into this matter at great length and came to this conclusion. It is really difficult to make a correct assessment of the loss suffered through the illegal and nefarious activities of the importers and exporters. Some knowledgeable persons have put it at a much higher level. If we take into account the loss suffered through smuggling of gold, the total assumes a stupendous amount.

It is to plug the loopholes in the original Act and to amend and consolidate it that this present Bill has been brought forward by the Finance Minister. It seeks to conserve the scarce foreign exchange resources of the country and ensure its proper utilisation for the economic development of the country by regulating all payments, dealings or transactions in foreign exchange and securities and also the import and export of currency and bullion.

To start with, the Bill centralises all foreign exchange transactions in the hands of the Reserve Bank of India. Therefore it says that no person other than an authorised dealer can purchase or otherwise acquire, or borrow or sell or otherwise transfer or lend to any other person any foreign exchange without the general or special permission of the Reserve Bank of India.

Sub-section (4) of that section has been amended with a view to make it impossible to under-invoice exports or over-invoice imports. If a person sends or brings any goods of a kind, quality or quantity different from that specified by him at the time of acqui-

sition of foreign exchange he shall be presumed to have contravened the provisions of the Act.

Section 18 compels the exporter to disclose and repatriate the full export value of the goods exported, and previous permission of the Reserve Bank of India is necessary in case of short realisation. The Reserve Bank of India has been allowed 20 days within which to communicate the permission applied for by the exporter. This provision was found necessary as a fairly large amount of our exports of commodities such as tea takes place on consignment basis.

The Bill lays down specifically and emphatically that a person who is resident outside India or who is not a citizen of India but is resident in India or a company which is not incorporated under any law in force in India or in which the non-resident interest is more than 40 per cent shall not act or accept appointment as agent in India or any person or company or as technical or managerial adviser in India of any person or company without the general or special permission of the Reserve Bank of India. Similarly, no foreigner or foreign company can accept any employment in India or practise any profession or carry on any occupation, trade or business in India without the special or general permission of the Reserve Bank of India, especially when the foreigner wants to use the earnings here for converting it into foreign exchange and repatriate it to his country.

The Act further lays down that a foreign company cannot carry on any business of manufacturing, trading or any other nature without the previous permission of the Reserve Bank. It means that all the foreign controlled companies will now have to take the permission of the Reserve Bank of India to carry on their business in this country. Then, no foreign company can buy, partly or wholly, any undertaking in India without the

general or special permission of the Reserve Bank.

These provisions are in conformity with our policy regarding foreign investments and foreign companies in this country. But, in actual practice, it is not intended to restrict the acquisition or holding of immovable property for the use of approved commercial and industrial uses of foreigners and foreign companies. Such use would naturally include factory and office premises, employees' quarters for staff and, in appropriate cases, even the need for legitimate purposes of expansion.

Then, there are companies in India which have been resorting to or doing trading work. They have been carrying on activities of a trading character. Such companies will have to come back to the Reserve Bank for carrying on their business in future. These provisions have been found necessary because we do not wish that foreign companies should carry on trading activities in this country. Our companies, our people, are well-equipped or sufficiently trained to do their own marketing. It is not necessary to take the help of foreign companies for the purpose. I am glad that the Finance Minister has already declared that foreign trading companies will have to convert themselves into Indian companies in future.

There are some foreign companies which have been evading our licensing procedures and entering into non-essential lines, such as, consumer products, and doing a peculiar type of business. It is reported that one foreign company buys the entire output of an Indian manufacturer and markets after what is called processing and then sells it under its brand name at an exorbitant price and makes a huge profit. These profits are repatriated out of India under various names, such as, royalties and head-office expenses. In this way, the country suffers a heavy loss of foreign

[Shri Y. S. Mahajan]

exchange. Therefore, it is to curb the trading activities of such companies that stringent provisions have been made in the Act.

Then, "processing" has been defined in clause 28 and it has been defined as subjecting an article to a manual, mechanical, chemical, electrical or any other like operation but does not include such operations as merely pressing, packaging, re-labelling and branding. As a result of this Bill. I should like to bring to the notice of the House that the Hindustan Levers which is a subsidised of a foreign companies and which is now engaged in the manufacture of consumer items, such as, detergents, soaps, toilet preparations, edible fats and such other things has already decided to shift away from consumer products since the Government frowns upon foreign companies in the field of consumer products. It has further decided to diversify into other areas as it will simultaneously result in the dilution of foreign equity participation.

This Bill has given much greater powers in the hands of the Reserve Bank of India. Tremendous powers have now been conferred on the Reserve Bank of India and these powers will have to be used on hundreds of occasions. But these powers have to be used by the Bank in accordance with instructions or directions from the Government of India. But when these directions or instructions are issued or when the Reserve Bank uses these powers, both the Government and the Reserve Bank will have to bear in mind three objectives of the Bill, namely, (1) to conserve the scarce foreign exchange resources of the country, (2) that they are properly accounted for, and (3) that they are properly utilised for developing the international trade of this country.

Now, this Bill has been criticised by some hon. Members on the other side, particularly, by Shri Jyotirmoy

Bosu by saying that this Bill will not be effective because it does not confer on the Reserve Bank blanket powers. My submission is that the powers conferred on the Reserve Bank are sufficiently stringent, sufficiently big, and, to confer any more powers on the Reserve Bank will be to invite bureaucratic rule. That will mean giving it dictatorial powers which will really not promote the interests of the country but will result in obstructing and inhibiting international trade. On the other hand, the expansion of international trade is necessary not only for the prosperity of this country but also for the optimum utilisation of its resources.

Then, my hon. friend, Shri Indrajit Gupta who otherwise made a good speech came to a conclusion that most of the amendments made in this Bill are only meant to satisfy the wishes of Mr. Piloo Mody and his friends. Mr. Piloo Mody must be considered a very fortunate man if he can get things done without the power and the responsibility that flows from it. I am afraid, the conclusion is very strange. He also wants more stringent provisions but again the same argument applies viz., that the powers, given to the Reserve Bank are big enough and if we give bigger powers, then it will mean perhaps corruption and nepotism. The Bill takes sufficient precautions to see that the foreign exchange resources are fully repatriated, are properly utilised and that under-invoicing and over-invoicing are minimised to the greatest extent possible.

With these remarks, I support the Bill.

SHRI VIRENDRA AGARWAL (Moradabad): Mr. Speaker, Sir, the objectives of the Foreign Exchange Regulation Bill are laudable, but I believe that the Bill, as it is, may not meet these national objectives. Though I was not associated with the Joint Committee, I feel that the Committee has done a good job. A large number of provisions have been included by

which deterrent punishments have been provided to the defaulters.

Sir, the growing menace of black market in foreign exchange must be checked and if possible, not only to conserve foreign exchange but also to augment the resources which I feel are vital for our developing economy, every attempt to plug all loopholes which result in loss of foreign exchange must be made. Leakage of foreign exchange and smuggling have created enormous problems and they need to be tackled so that they are utilised for productive purposes. But, Sir, it is also essential that the Government and its agencies must make a thorough and deep study of the problems, identify them and suggest such remedies which will really solve the problems. My friend, Mr. Mahajan, has just talked about the sweeping powers which are being vested in the bureaucracy. We all know that these powers at times have helped in exploitation of one's office which indirectly means that the corruption grows and grows at a faster pace. We all know that corruption is growing and we at times feel that such Bills rather than curbing the black market, in fact, help the tendency for black-marketing to grow. There is a growing concern that the Government's action may not help in realising its objectives but will surely prove to be a hurdle for accelerating the pace of growth rate. At the moment, the nation, for its industrial and technological progress, needs technical knowhow and foreign capital. But the present policy is so riddled with legal progress, needs technical inflow of foreign capital in the country and the outflow of foreign resources are not likely to go very far to meet the national objectives. The problems of implementation and enforcement of the law will inevitably generate corrupt practices and unhealthy tendencies.

13 hrs.

The Kaul Committee had estimated the leakage of foreign exchange at

Rs. 240 crores, while another estimate—non-official estimate—had put this at Rs. 1,000 crores and the committee also had pointed out the seriousness of the offences relating to foreign exchange and the need to effectively punish the offenders in the interests of the society. A firm control and elimination of this colossal plunder is of inestimable value for strengthening our economy and for giving relief to the poorer sections of our population.

While I support the several measures which have been included in this Bill, I would particularly like to draw the attention of the Finance Minister in respect of two clauses. They are clause 27 and clause 32(7). The clause 27 points out:

"Without prejudice to the provisions of clause (3) of sub-section (1) of Section 19, no person resident in India, shall, without the previous permission of the Central Government, associate himself with or participate in whether as promoter or otherwise any concern outside India engaged in, or intending to engage in, any, activity of a trading, commercial or industrial nature—whether such concern is a body corporate or not."

This clause seeks to restrict persons resident in India from associating themselves with or participating in, whether as a promoter or otherwise, any concern outside India engaged in, or intending to engage in, any activity of a trading, commercial or industrial nature, whether such concern is a body corporate or not. The expression "associate himself with" in clause 27 has not been defined. Explanation at the end of the clause merely excludes relationship as an employee. The expression 'associate' in Chambers Dictionary has been given, *inter alia*, the following meanings:

"To join, connect, link; To connect in one's mind."

In Websters Dictionary, the expression "associate" has been given, *inter alia*, the following meanings:



[Shri Virendra Agarwal]

"To join as a partner, friend or a companion, to keep company with, attend, to bring together in any of the various ways (as in memory or imagination)".

Accordingly, "associate himself with" may have very wide connotation. It may include floating of enquiries abroad to explore avenues of export business. It may also include exchange of communications, or even conversion on the subject at informal gatherings. In this view of the matter, no person resident in India can venture to initiate action for promoting exports of goods or technology or services. Particularly with regard to joint venture projects and quoting for turn-key projects, negotiations, collection of data, survey of market potential and financing possibilities, etc. have all to be carried out and explored in sufficient detail before any scheme or details can be submitted to the Government. The requirements of the section are, therefore, entirely unworkable. It is also not understood how any communication between a person resident in India and a party abroad for exploring business possibilities can lead to misuse of foreign exchange. Therefore, I suggest that the Finance Minister should try to bring such a change in this clause that people should not be debarred in initiating negotiations and other things with the foreign parties. This clause, therefore, needs to be re-worded as under:

"Without prejudice to the provisions of clause (e) of sub-section (1) of Section 19, no person resident in India shall, without the previous general or special permission of the Central Government.... participate in the capital or management of.... any concern outside India engaged in, or intending to engage in, any activity of a trading, commercial or industrial nature, whether such concern is a body corporate or not."

Clause 32(7) should also be changed in the following manner.

"No Airline, shipping company, travel agent or other person shall book a passage for any person resident in India, for foreign travel unless the booking of such passage has been approved by the Reserve Bank on an application made to it in this behalf in such form and containing such particulars as may be specified by the Reserve Bank and signed by both the person intending to undertake such travel and the person intending to book the passage."

There are some mistakes in drafting these clauses and I feel these two clauses as they are drafted may not serve the purpose for which they are meant. The drain on foreign exchange has undoubtedly reached scandalous proportions and there is no kind of effective checks. While the Government has imposed heavy restrictions in respect of foreign exchange regarding students and others who go abroad and they are stranded at times and are required to live under shabby existence, in the case of Ministers and political leaders, while they go abroad, they are allowed such unlimited foreign exchange. It is felt that there should be some rational and judicious distribution of foreign exchange, irrespective of the fact whether one is a politician or Minister or a student.

There is also a widespread impression that the Ministers are allowed to have their accounts in foreign exchange in foreign countries. I would very much like the Government to find out which Minister in this country has got a foreign exchange, how he has accumulated foreign exchange in foreign countries.

MR. SPEAKER: Also the Speaker. I would very much like to share with you if I have got anything.

SHRI VIRENDRA AGARWAL: Another question which I would like to present before you is about smuggling. Smuggling is another major problem and those engaged in this

activity have misused our foreign exchange regulations. We know that Government have recently conceded that seaborne smugglers bring a goods worth Rs. 400 crores annually from the neighbouring Arab countries. With the meagre facilities at their disposal the customs are not equipped to counter these smugglers and their massive operations. Customs can fight the smugglers effectively if they have a fleet of well equipped high speed boats, a few helicopters or hovercrafts and an efficient communication net work. A random check shows that gold is no longer the main item of smuggling. Gold prices have gone up in international market and margin of profit has fallen very low. Synthetic fibres, watches, liquor, cigarettes, blades, taperecorders and television sets are the craze now. These goods get their way to various depots in the departments where these goods are being sold.

It is true that in the Bill it is mentioned that foreign capital can freely participate upto 40 per cent in a concern here and it will not be treated as a capital of a non-resident. But, Sir, there is a certain amount of scare in foreign countries that India is set on the path of regulating activities of foreign companies in such a manner as would discourage even their legitimate activities. What is therefore required is to undertake a proper campaign that while trying to bring about a measure of regulations India would welcome the continued inflow of foreign capital in selected fields.

We note that the prospects of foreign aid to-day are not bright and we also note that the foreign exchange requirements are likely to reach Rs. 3,000 crores by the end of the Fifth Plan. While we can certainly continue talking of self-reliance and economic Swaraj I feel the need of foreign exchange is likely to grow and grow at a faster pace and we have to see that because of foreign exchange, the growth rate of this country should not be allowed to

be slowed down. Foreign exchange is not a fruit which is grown on a tree and can be plucked at your will. That is what a nation must appreciate.

There is a lurking fear in the minds of the people that exchange control will cut off the country from the rest of the world. The country's economic policy has sought to minimise co-operation with other countries under the mistaken belief of economic independence. The new control mechanism needs to be so liberal and meaningful that it does not become restrictive. This task should be looked upon as promotional in character because by playing a positive role in setting up joint ventures abroad, we would not only be forging new economic and commercial relations with the developing countries but also provide us an important instrument of export promotion. We, as a nation must appreciate that internationalisation of production and investment, multi-national companies commanding enormous resources financial, technical and managerial have become an important source of international trade.

The powers which are granted in this Bill to the Reserve Bank, if they are employed in a positive way, I am sure, this Bill can do something. But we have yet to see to what extent we really succeed in checking the growing menace of black money in foreign exchange.

MR. SPEAKER: Shri B. N. Shastri—not here.

Shrimati Gayatri Devi—also not here.

Shri Madhu Limaye—He is also absent.

Shri Raja Kulkarni—I am very happy you are there.

SHRI RAJA KULKARNI (Bombay-North-East): I support the Bill but, at the same time, I feel that

[Shri Raja Kulkarni]

looking to the gravity of the economic crisis in our country, the dose which this Bill wants to give by regulating the dealings and transactions in foreign exchange should have been more stronger.

The experience of the last 25 years of the working of foreign firms in our country has not been fully put to this test even with this Bill, though, no doubt, a number of bad experiences which our country had, are now being utilised and regulations are being brought. But the gravity of the situation of our economy both from inside as well as from the international trade must be taken into account to note the effective character of this Bill. What is the present level and the status of our foreign exchange reserves? In June, 1973 our country's position in respect of foreign exchange reserves has been Rs. 846 crores. Now, it is true that it has not been a bad position. But, at the same time, looking to the burden now due to rising imports and the rise in international prices of industrial raw materials that our country wants to bring, this position is not at all satisfactory and, therefore, a very big effort needs to be made to conserve foreign exchange and to prevent all leakages in our export earnings. When the Government is making allocations in the budget for foreign exchange this year for the various commodities, the big imports that are now pending are the food imports for which Government has allocated about Rs. 560 crores.

Similarly, the bill of crude imports also has been increasing every year. Four years ago, it was hardly Rs. 93 crores which our country was paying, but now, the country has to pay about Rs. 3.50 crores mainly because of the rise in crude prices. Similarly, more than Rs. 100 crores are to be allocated for the import of fertilisers. Besides, the country has also to make allocations for the import of important industrial raw

materials whose prices are also going up by more than 10 to 15 per cent in the international markets. The import bill for ferrous and non-ferrous metals which are necessary to keep our industries in the priority sector going, is so huge that the gulf between the exports and imports has been widening. Our country has been always having an adverse balance of trade. Now, this gulf is tending to become bigger this year. I know that we are making the biggest efforts to increase our exports and thereby reduce this gap. But there will always be limitations in increasing our exports.

We know that the situation in the international currency market is a very uncertain one. The uncertainties and fluctuations in the international monetary system are affecting our export earnings, and in fact, our exports during the last year or two were affected by this.

The gold convertibility of the dollar has been suspended from August, 1971. Our export earnings were thereby affected. During 1971-72, we had hardly an increase of 2 per cent in our exports. No doubt, our export earnings had gone up, and this also partly reflects the appreciated value of the assets arising out of the change in the exchange rates. Due to the rising prices and due to the uncertainty of the exchange rates in the international monetary system, we see only a very limited scope for increasing our export earnings.

Therefore, when our country has to face such a big capital bill, we have to tighten our belt and try to conserve foreign exchange resources and also plug all the loopholes and leakages as a result of invoice manipulations and other such dealings.

Emphasis has been rightly laid on the working of the foreign companies. As a result of the experience gained during the last twenty-five years, all the loopholes are now being plugged.

When the original Act of 1947 was passed, Government allowed remittances by a number of foreign companies through some agreements, since it was necessary to do so for the purpose of industrialisation of our country. In 1952, Government gave a lot of concessions by way of remittances in foreign exchange to the foreign oil companies who set up their refineries in this country. Those agreements were to last for 25 years. I would like to know whether today our Government are going to scrap those agreements with Burma Shells and Essos under which concessions have been given which go contrary to the regulations under this Bill. I would like to know whether Government are going to nullify these concessions under these agreements or not.

Those agreements are still in vogue and that is a very important point. These multi-national companies are plundering and looting our foreign exchange resources whatever may be the provisions of the Foreign Exchange Regulation Act. We are talking about regulating deals of these branches and converting the trading branches of foreign firms into Indian companies. We are making a distinction between two types of foreign firms those which are acting as branches and those which are in the manufacturing side. This distinction is not going to help in our effort. The RBI has said that there are about 278 branches of foreign firms working in this country. Some of these are in trading. Most of the oil companies, Burmah-Shell, Esso and Caltex have branches in the marketing side and they are registered rupee controlled companies on the refinery side. They are both. They can manipulate. Through interlocutory arrangements. These multi-national companies do not say they are committing a breach of law, but they can manipulate their accounts; they can conceal their earnings. That is what they have been doing during the last 25 years.

These foreign oil companies whether they operate as branches or rupee-controlled companies under the Indian Companies Act, they have various channels for draining away our foreign exchange. Take for example, the question of crude prices. Because they are functioning as subsidiaries, they can manipulate crude prices. They were getting discounts on posted prices. They are given foreign exchange on posted prices—basis while discounts were transferred to their international parent companies. The discount was credited in the name of their associates which ultimately went to the international parent companies and these companies were only acting as an outlet for the crude of the international cartels in the world.

This was going on for 15 years. Then some regulations or price control came on crude. Even now, after 1970, though the whole situation has undergone a change in the international market. There is no control over their transactions and invoice manipulations. These companies, whether they are functioning as branches or whether they are functioning on the manufacturing side as rupee-controlled companies, they are still deceiving this country in their dealings and transactions on prices. They are not showing at what exact price their associates are asking. Burma-Shell and Esso both have branches on the marketing side. Both their refinery companies are legally separate registered companies. Now both of them are not free in their dealings. At what rate crude is procured or purchased actually, is decided by their parent companies. They refused to disclose information such as at what rate they are getting the crude processed through the refinery in this country. These methods help multinational companies not only to transfer profits from one company to another in the same country but from one country to another country also.

[Shri Raja Kulkarni]

I have got a lot of experience, as to how these international oil companies have been dealing with these remittances and not only through the channel of prices and the service charges that they levy, but also through other trading activities in the name of own brand. Only recently the Government had to bring a ban on the sales of some accessories of automobiles by Burmah Shell and Esso. These companies were making fabulous profits in their brand names by taking the products manufactured by the Indian concerns. They were doing unauthorised trading by selling some accessories of automobiles. Even with this Bill, how far the Government will be able to take away their profits from unauthorised trading, like automobile accessories made by the foreign oil companies like Burmah-Shell and ESSO, one does not know. One does not know how for the distinction between authorised and unauthorised trading and their profits would be effective. How far this Bill will be able to control it effectively is not known.

I will give another example. Apart from the oil companies, there is another company, an international company, namely, the ICI. The ICI is engaged in manufacturing and I am pointing out this instance to show how even in the manufacturing, there is a necessity to force these international firms to convert themselves into Indian companies and subject themselves to all the regulations of the Indian laws. The ICI has one subsidiary with 55 per cent shareholding interest in the company which is registered in 1961, known as the Chemicals and Fibres of India. It is known as CAFI. This CAFI has 55 per cent ICI shareholding, and the ICI has got a complete hold on the management of this company. This CAFI started production in 1965. It is not a priority production. It is

not at all in the list of essential goods. They are polyester fibre manufactures. In 1965 they started manufacturing. In four years' time, the dividend that was paid by the CAFI was more than the original shareholding capital which was Rs. 294 lakhs. In the first four years, by dividends, they could recover not only the original capital but the company gave to the shareholders two additional bonus shares and expended the capital. A sum of Rs. 2,40,00,000 was added to the capital.

Apart from this, ICI brought influence on the DGTD's department and got expansion. When other Indian entrepreneurs were not getting licence for the manufacture of polyester fibre ICI got an expansion from the original capacity of 2,000 tonnes to 4,500 tonnes and then to 6,100 tonnes. So, these are the activities which are going on in the manufacturing side by the companies. To these international companies we would like that some strong doses are given by amending the present legislation.

MR. SPEAKER: The others also have got to speak, and you should not take their time. Now, M. Madhu Limaye, you have come now, called your name earlier.

श्री मधु लिमये (बांका) : मेरी गाड़ी बहुत देर से आई । मैं कुछ इन्फार्मेशन टाइप कर रहा हूँ । मुझे आखिर में बुलाया जाये ।

MR. SPEAKER: Mr. Somnath Chatterjee, Members of your party have already spoken. We will try to adjust you somewhere. Now, Shri Madhu Limaye,

श्री मधु लिमये : अध्यक्ष महोदय, मैं चाहता था कि मुझे आखिर में बुलाया जाये ।

MR. SPEAKER: Then, Shri Somnath Chatterjee; for a few minutes.

**SHRI SOMNATH CHATTERJEE** (Burdwan): This is very important piece of legislation. It is well known how there are wide spread malpractices in the foreign exchange matters and how there is large-scale drainage of foreign exchange, which is estimated at anything between Rs. 250 and Rs. 1,000 crores a year.

The main purpose of any foreign exchange measure is not only conservation of foreign exchange reserves but also proper utilisation of foreign exchange for economic development of the country, by plugging loopholes and stopping drainage. The utility of any foreign exchange law can only be gauged by its impact on the general economic development of the country.

13.30 hrs.

[MR. DEPUTY-SPEAKER in the Chair].

Most of the old provisions had been retained except one or two striking omission which I shall point out later on. Some new provisions have been made which apparently seem very important. I use the word 'apparently' designedly. Some of the new provisions have been inelegantly drafted besides it will be seen that some openings have been made for improper use of the provisions of such loopholes as are there which will make the proper application of the law completely infructuous.

Previously the provision was that no person resident in India shall without the permission of the Reserve Bank of India do any act whereby the control of any business outside India by that resident would be lost. If a resident in India was controlling some business outside India, nothing should be done by which the Indian resident would lose that control. The word previously used was 'control'. That word had a well known jurisdic concept. There are various

ways of controlling and one factor is holding 51 or 50 per cent. The recent company law amendment Bill has made stringent provisions to make this concept of control effective by introducing concepts of some management and group control. But you will be surprised that this Bill makes a very important deviation from the old provision. Clause 26(3) says: no persons resident in India shall in respect of any business outside India whose non-resident interest is 49 per cent or less do any act whereby non-resident interest in it becomes more than 49 per cent. Even when the shareholding interests was less than 49 per cent control could be there. The scope of the previous legislation was much wider but that is now sought to be restricted in this Bill. Control can be exercised by 20 per cent shareholding, 25 per cent shareholding. In Company law we are going to do it at 20 per cent. But why is it allowed now that a firm could go out of control if the shareholding resident interest is less than 49 per cent? Therefore, to a great extent the stringent provisions of the previous Act are being done away with by introducing a provision like clause 26(3). I have given some amendments but because it was late probably they are not being circulated. But I do request the minister to look into it.

Clause 26(4) says:

'Notwithstanding anything contained in any other law, no transfer of an interest in any business in India made by a person resident outside India to any person also resident outside India shall be valid unless such transfer is confirmed by the Reserve Bank....'.

Mr. Ganesh is very well aware of the recent instance—I have been approaching him in this matter—of the take-over of Metro Cinema by means of transfers between an American concern and a Swiss concern. The minister admitted on the floor of the House

[Shri Somnath Chatterjee]

that it is a shady transaction. The persons trying to corner the company are speculators of an international group. Even then it was said that the Foreign Exchange Regulation Act did not make adequate provision to deal with such a situation. But what lesson have we learnt? We are maintaining here identical provisions. In the case of clause 26(3) we have made it less stringent. So far as clause 26(4) is concerned, we have got a glaring instance before us. Litigation is going on the Calcutta High Court and in my own humble way I am trying to stop the take-over. But the Government is a silent spectator. An Indian person taking advantage of the transfer of shares between two foreigners is taking control of Metro Cinema in Calcutta by means of a power of attorney only and the Government here cannot do anything! When we are changing the law and supposedly taking steps to make it more effective to stop such take-overs through machinations or manipulations in the foreign exchange market, we do not learn any lesson and we do not make any provision whatsoever to tackle such situations when we are having a new bill on the anvil. I again request the minister to look into this. Probably my amendment will not come up...

MR. DEPUTY-SPEAKER: Why did you not send your amendments in time?

SHRI SOMNATH CHATTERJEE: I agree I should have done it earlier, but sometimes compelling reasons are there.

The previous Act of 1947 did not define who was a resident in India and who was not. For the first time in this Bill we are trying to define it. This is a very important concept. So far it was left to judicial determination whether somebody was a resident in India or not according to the facts of a particular case. Now for the first time an attempt is being made in this Bill to define it. Kindly see page 3

clause 2(p) (i). (a) is for taking up employment outside India and (b) is for carrying on outside India a business or vocation outside India. (c) is very interesting. It says:

"(c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period".

Now, what is "an uncertain period"? If somebody goes out of India, makes arrangements to stay only for two months and during that period he enters into manipulative and speculative transactions in foreign exchange, is it staying outside India for a certain period or an uncertain period? He will say, "I have gone out of India only for two months and that was not for employment, vocations or business purpose". Then, is it covered by clause (c) or not? In my submission, the term "uncertain period" will introduce so much uncertainty that the purpose of the Bill will be frustrated to a very great extent.

With regard to persons who will be treated as citizens of India or residents of India, on the top of page 4, similar language has been used. Suppose a person comes back to India and says "I have come back to stay here only for two months" and he is able to establish that he will stay here only for two months. That will not be an uncertain period. Kindly consider the seriousness of it. A foreigner can come here for two or three months and he is allowed to stay here for that period. There is no question of uncertainty about it. He will be outside the scope of this provision and he can do anything he likes. That is why I have suggested that some time-limit should be put be it one month or two months or whatever is desirable and proper. Otherwise, the whole purpose of this Bill will be frustrated.

Kindly see the many loopholes that have been allowed by this Bill. Clause 11 says:

"Where the Reserve Bank considers it necessary or expedient in

the public interest so to do in respect of any asset in India held by or accruing to or transferred to or to be transferred to, either a person resident outside India or a person intending to become resident outside India, it may impose a condition that the said asset shall not be transferred, assigned, pledged, charged or dealt with in any manner whatsoever except in accordance with any general or special permission, which may be granted conditionally or otherwise by the Reserve Bank."

It imposes an obligation on the Reserve Bank *suo motu* to make an order with regard to particular assets in India. Therefore, any foreigner, any person can transfer any assets to a non-resident or a person residing outside India without the permission of the Reserve Bank. It is only when the Reserve Bank comes to know of a particular transfer that it tries to impose some conditions. The initiative has to be taken by the Reserve Bank. Why not make a provision that no assets contemplated in clause 11 can be transferred without the permission of the Reserve Bank so that the Reserve Bank will have absolute control over it? In that case, if anybody *bona fide* wants to make a transfer there will be no difficulty. But if any foreigner or non-resident wants to make any transfer of any asset he should get the prior permission of the Reserve Bank. Otherwise, how can the Reserve Bank know of all the transfers taking place all over the country between residents and non-residents? It is impossible. Therefore, it leaves us with the impression that these loopholes have been made in this Bill so that these provisions can be violated with impunity by persons who are interested in utilising the foreign exchange law, namely, the business tycoons, the foreign tycoons and their collaborators in this country, for their own purpose.

Then, kindly see clause 24. It says:

"No person resident in India shall, except with the general or

special permission of the Reserve Bank, settle, or make a gift of, any property so that a person who at the time of the settlement or the making of the gift is resident outside India, elsewhere than in the territories notified in this behalf by the Reserve Bank, will have an interest in the property, or exercise any power for payment in favour of a person who at the time of the exercise of the power is resident outside India, elsewhere than in such notified territories;"

So, without the Reserve Bank's permission, no person who is a resident in India can transfer a property or settle a property with a person who is resident outside India. But kindly see the proviso—it is very interesting—which says:

"Provided that any settlement or gift made or any power exercised as aforesaid without the permission of the Reserve Bank shall not be invalid merely on the ground that such permission has not been obtained."

The substantive part of the clause says that no transfer shall be made without the Reserve Bank's permission and the proviso says, if such permission is not taken, it will not invalidate the transaction. What sort of application of mind has been there I do not know. With all respect to all persons concerned, I think, these are very great lacunae in the Bill which should be taken note of.

Again, kindly see clause 25. This is an important provision which has been incorporated in the Bill namely, the restriction on holding of immovable property outside India. No person resident in India can hold property outside India. But you see the proviso. It says:

"Provided that nothing in this sub-section shall apply to the acquisition or transfer of any such immovable property by way of a lease for a period not exceeding five years."



[Shri Somnath Chatterjee]

It is very easy to take advantage of the proviso. Anybody can have a lease for five years and, with one day gap, he can take another lease for five years. Again, with one day gap, he can take another lease for five years. It will be almost a perpetual lease. The whole object is to allow the lease for five years to be entered into without the Reserve Bank's permission. But that can be abused in a very simple manner. It does not require much ingenuity. Therefore, my submission is that some time-limit should be imposed, not exceeding five years in the aggregate, or the Reserve Bank's permission should be taken. If the Reserve Bank in an appropriate case, feels that the permission should be granted, let them take the permission. Why do you keep it as a lease for five years and then make it completely nugatory and infructuous? It will defeat the very purpose of the Act.

Clause 26 is the most important part of the Bill....

MR. DEPUTY-SPEAKER: I wish you had been the only speaker from your party. I could have given you more time. This is the tragedy. You may try to conclude now.

SHRI SOMNATH CHATTERJEE: Kindly see sub-clause (3) which refers to 49 per cent share-holding. Then, kindly see sub-clause (7) which refers to 40 per cent share-holding. What is the rationale behind this differentiation in the percentage of share-holding. In one case, it is 49 per cent and, in another case, it is 40 per cent. Again, *Explanation* 1 of clause 7 refers to 49 per cent. I am not going into details. Other hon. Members have submitted on that that 40 per cent or 49 per cent is a large share-holding. It is very seldom that one would find that they have to have 40 or 49 per cent share-holding to exercise control. They are exercising control with much lesser share-holding. Therefore, it should not have exceeded beyond 25 per cent unless

our intention is to surrender our very valuable rights and interests to foreigners.

I would submit to the hon. Minister to take this into consideration and reduce the percentage of share-holding. This is a very important aspect. You will see that all foreign banking companies are being excluded from the ambit of this Bill. It has been pointed out how these foreign banks are misusing their position and power that they are holding. They have been established in this country long before Independence. Our Indian banks had to compete with them. After nationalisation, no doubt, our Indian banks are making progress. Why should we leave foreign banks outside the purview of this Bill? Why should they not have to take permission from the Reserve Bank, apart from the Banking Regulations Act, for the purpose of opening branches? We have heard the other day that the National and Grindleys Bank are paying a huge amount by way of consultancy services to the First National City Bank of New York. Why should they be permitted? Is the Reserve Bank permitting them? We know how the new banks are opened, how repatriation of profits and resources is made. Why should they be allowed?

MR. DEPUTY-SPEAKER: That point was made by Shri Indrajit Gupta. Please conclude.

SHRI SOMNATH CHATTERJEE: I submit that these very important lacunae should be taken note of and attempts should be made to rectify them.

SHRI SHYAM SUNDER MOHAPATRA (Balsore): The subject of today is very interesting inasmuch as it brings to the fore of the House the very pivot of our economy. The Government of India has almost decided to scrap more than Rs. 400 crores in the implementation of various projects due to the economic crisis that

we are facing today. But unfortunately the loopholes in the matter of conservation of foreign exchange, in the matter of catching hold of the racketeers who indulge in these malpractices, have brought loss to us to the tune of a few thousand crores of rupees. Presently, our country will be importing foodgrains for more than Rs. 560 crores. When we are faced with this, we should pay more and more attention to conserving our foreign exchange.

As a student of economics, we know that, when the transfer of power was made, when the Britishers left India, we had a lot of foreign exchange in the shape of Sterling balances and that has dwindled to such an extent that India is now left with nothing. Our endeavour was to support more producers of luxury goods so much so the foreign capitalists and big business houses in foreign countries found a virgin soil in our country.

Foreign companies which are operating in India have made enormous profits; I would just read out a few figures to show the extent: Beecham (India) Ltd. earned Rs. 5.86 lakhs, Colgate Palmolive (India) Pvt. Ltd. Rs. 26.16 lakhs, Ciba (India) Ltd. Rs. 19.93 lakhs, Burroughs Wellcome and Co. Rs. 7.51 lakhs, Glaxo Laboratories Rs. 62.20 lakhs, Hindustan Lever Rs. 129.23 lakhs, Britannia Biscuit Rs. 12.03 lakhs, Coca Cola Export Corporation Rs. 43.83 lakhs, India Tobacco Co. Rs. 143.61 lakhs, Gramophone Co. of India Ltd. Rs. 5.07 lakhs, Swedish Match Co. Rs. 23.99 lakhs. I can read out a lot more. It is just to bring the point that these are the foreign companies which are earning huge profits and are repatriating huge sums to their countries.

The drain of foreign exchange is not only limited to profits, dividends and royalties, but we also willingly pay huge sums for use of foreign trade names. I do not know what is the attraction involved in foreign trade names. In India we have Tata

Mercedes trucks. There has been no less attraction for Tata trucks as far as buyers are concerned. We had Vespa scooters before, but now we have Bajaj scooters. And I do not think that there has been any lack of attraction for Bajaj scooters.

Why should we pay huge sums for these foreign trade marks? The devices to siphon off India's foreign exchange include accounting fictions like pro-rata sharing of head office and administrative office expenses. While the Income-tax Department mercilessly checks each item of expenditure by Indian firms it allows national expenditure like H.O. and A.O. contributions in foreign exchange where Indian Branches of foreign companies are concerned.

All remittances are not directly made with the consent of Reserve Bank of India. Methods and techniques employed to increase the remittances in foreign exchange have not yet been carefully investigated. Such a study of foreign exchange transactions is bound to reveal the colossal nature of the exodus of precious foreign exchange through dubious means.

Sir, we know of the much talked about underinvoicing and overinvoicing. Sometimes we come across some such things. And big foreign houses have also been hauled up. And there has been a search by the C.I.D. We do not know what happened thereafter. But, it is a fact that this underinvoicing and overinvoicing has eaten up the very nerve of our economy. In the Joint Committee on the Foreign Exchange Regulations Bill, there is a very interesting dialogue between one of the biggest tycoons—Shri Babubhai Chinai—and our Additional Secretary in the Ministry of Foreign Trade. This is what Shri Chinai says:

MR. DEPUTY-SPEAKER: Are you quoting from the Rajya Sabha proceedings?

**SHRI SHYAM SUNDER MOHA-PATRA:** I am quoting from the evidence before the Select Committee.

*"Shri Babubhai M. Chinai, M.P.:* Is the Ministry of Foreign Trade aware that there are some Branches of Foreign Companies who under-invoice imports also and thus get large imports and adjust the difference under the Head Office and Administrative Office Expenses and whether this practice adversely affects genuine Indian importers?"

*"Shri Y. T. Shah, Additional Secretary, Ministry of Foreign Trade:* We have not had occasions to study the behaviour of any group. In other words, we have not made any study, whether who indulges in under invoicing etc."

Sir, those are items pertaining to foreign exchange. Our dynamic Minister is here; our progressive Minister is here who is committed to socialism. He must gear up the department to see that there is no lacuna in the Bill or loophole by which these traders.

**MR. DEPUTY-SPEAKER:** You make your suggestions in what way that should be done.

**SHRI SHYAM SUNDER MOHA-PATRA:** I say these loopholes somehow or other should be checked.

**MR. DEPUTY-SPEAKER:** In what way?

**SHRI SHYAM SUNDER MOHA-PATRA:** This leakage is estimated to be the order of Rs. 240 crores each year. Even when the law is enacted and enforced, remittances under various genuine and cooked up heads like royalties, capitalised value of trade marks technical fees, head office and administrative office expenses will continue. The fact that no company wise records of remittances are kept adds to the confusion which only helps foreign companies operating in

India and deprives us of crores of rupees in foreign exchange every year. All this calls for a new look on the part of Reserve Bank of India. It must have a new look as to how to check all these things. I would submit that a policy in regard to the maximum levels of repatriation must be laid down. Foreign companies should not be allowed to remit more than 10 per cent of the capital invested in India. This should cover all heads under which remittances are permitted. Secondly, I suggest that the foreign companies should not be allowed to expand their activities in the field of consumer goods and stifle Indian companies. My third point is this. Marketing of goods in foreign brand name should be stopped. The companies using the foreign brand names should be compelled to drop these names when their agreements are due for renewal. Now I shall take two more minutes.

I put a few questions during the last three or four months about one Mr. Kalyan Kumar Bosu who is well known as a racketeer in India. The answer given to me is this that investigation by the Directorate of Enforcement has not been completed. Whenever a question is asked about Shri Kalyan Kumar the reply given is that the case has not yet been completed. Month after month this is the type of reply that I am getting. When the investigation has not been completed, how long the Directorate of Enforcement can go on should also be told to us. How, he says that it would be done quickly.

Now another question that I want to put before the Minister is this. A lot of curiosity has been raised in the people of India who this Bosu is. He suddenly came to the notice of the people. He has bought Shaw Wallace & Co. worth Rs. 4 crores. I do not know whether he is a benamidar or a real purchaser. This question has to be solved quickly because, in his letter to the Prime Minister as also to Members of Parliament, he is

creating an impression that he has come to India with huge sums of money to give employment.

14 hrs.

MR. DEPUTY-SPEAKER: It is a separate question. You may say how this Bill ought to take care of cases like that. That would be better.

SHRI SHYAM SUNDER MOHA-PATRA: I have put it before the Minister.

SHRI P. G. MAVALANKAR (Ahmedabad): Sir, I would like to make a submission. I am glad that the hon. Finance Minister has just arrived. This is an important Bill. As a matter of fact, I find that even after the lunch hour is over, not even 50 Members are present in the House. I am not saying only about Government and members of the ruling party, I am saying even about other parties. They must remain present also.

MR. DEPUTY-SPEAKER: What is the point?

SHRI P. G. MAVALANKAR: There is no quorum.

MR. DEPUTY-SPEAKER: Let the quorum bell be rung.—

Yes, now there is quorum. Shri Madhu Limaye.

**श्री मधु लिमये (बांका) :** मेरी राय में यह जो विदेशी नुद्रा को नियमित करने के विधेयक को मंत्री महोदय लाए हैं यह अपूर्ण है, अधूरा है। मैं समझता हूँ कि एक व्यापक विधेयक सदन के सामने उनको रखना चाहिए था। हमारे देश को आजाद हुए 26 साल हो गए हैं और इन 26 सालों में हम सुनते आ रहे हैं कि विश्व के औद्योगिक देश अ विकसित राष्ट्रों की मदद कर रहे हैं। लेकिन एक फ्रांसीसी लेखक ने अपनी किताब में यह सिद्ध किया है कि पिछले 26 वर्षों में उत्तर गोलार्ध के उत्तरी हिस्से में रहने वाले जो देश हैं, अमरीका से जापान तक उन्होंने अ विकसित

देशों को मदद करने के बजाय अ विकसित देशों ने पिछले 26 सालों में इन विकसित देशों की मदद की है। यानी हमारी सम्पत्ति इन देशों में चली जा रही है। निर्यात व्यापार में अ विकसित देश बड़े पैमाने पर कच्चा माल भेजते हैं, प्राइमरी प्राइमरियस भेजते हैं और उन में हम लॉग पीसे जाने हैं। बाहर से जो माल आता है उसके दाम के मनमाने ढंग से बढ़ाते हैं क्योंकि शक्तिशाली कारपारेशज है, शक्तिशाली देश है। उस में हमारा शोषण होता है। अ विकसित देशों के जो अन्तर्गत के संघर्ष हैं उनका फायदा उठा कर उनको वे मेमे हथियार बेचते हैं जो जंक है, जो फेंकने लायक हैं। जैसे ईरान को दिए गए हैं। वियतनाम की लड़ाई के बाद अमरीका को इन हथियारों की जरूरत नहीं रह गई थी, इनका उसको कोई इस्तेमाल नहीं करना था, उनको ईरान अच्छा मिल गया और उनको उन्होंने बेचना शुरू कर दिया। पढ़ने दो महायुद्धों के बीच में हथियारों का व्यापार करने वाली कम्पनियों के बारे में और पूंजीपतियों के बारे में एक शब्द का प्रयोग किया जाता था मर्चेंट्स आफ डैय। आजकल पूंजीपति नहीं है। अब सरकारें स्वयं हथियारों का व्यापार करके मर्चेंट्स आफ डैय बन गए हैं। चौथा शोषण का तरीका यह है कि अ विकसित देशों में विकसित देशों ने जो पूंजी लगाई है, जो शाखाएँ खाली हैं उनकी मार्फत बहुत बड़े पैमाने पर क्या लेटिन अमरीका और क्या अफ्रीका और क्या एशिया से बड़ी रकमों औद्योगिक देशों में चली जा रही हैं। पांचवां शोषण यह है कि हम लोग वैज्ञानिक को तैयार करने के लिए, इंजीनियरों को तथा डाक्टरों आदि को तैयार करने के लिए, करोड़ों रुपया खर्च करते हैं और पढ़ने बिखने के बाद चूँकि हमारी अर्थ व्यवस्था में कोई गतिशीलता नहीं है, विकास की शक्ति नहीं है, इन लोगों का इस्तेमाल हम लोग नहीं कर पा रहे हैं। बड़ी मात्रा में इनके प्रशिक्षण पर खर्चा हम लोग कर रहे हैं और वे बाहर जा रहे हैं। क्या मंत्री महोदय इन्कार करेंगे कि इंग्लैंड

की जो हैल्व सर्विस है क्या यह भारतीय और पाकिस्तानी डाक्टरों के ऊपर नहीं चल रही है ? क्या इनको प्रशिक्षण प्रदान करने का काम हम लोगों ने नहीं किया है ? इस तरह और भी बहुत से तराकों से अविकसित देशों का शोषण किया जा रहा है । हम लोग आशा करते थे कि जिस देश में स्वदेशी का नारा दिया आजादी के बाद वह देश स्वदेशी उद्योगों को प्रोत्साहन देने के लिए और विदेशी कम्पनियों के द्वारा जो लूट की जा रही है उसके ऊपर प्रतिबन्ध लगाने के लिए कोई समुचित कार्यक्रम बनाएगा । लेकिन अफसोस की बात है कि 26 साल के बाद भी इस तरह का सरकार के पास कोई कार्यक्रम नहीं है ।

पिछले सप्ताह मैंने दो प्रश्न वित्त मंत्री जी से किए थे । लेकिन कुछ आप अध्यक्ष महोदय, हम लोगों को संरक्षण भी देगे ? सवाल एक पूछा जाता है और जबाब दूसरा ही दिया जाता है । इस में बड़ी चाल की नौकरशाही की रहती है मंत्रियों को फुसत कहाँ है हमारे प्रश्न को पढ़ने की ? आज नौकरशाही के सामने मंत्री वित्कुल शय्य, जीरो बन गए हैं । उनकी विषयों पर पकड़ नहीं है । उनके पास समय नहीं है । इसके चलते ये नौकरशाह उनको घुमाते हैं और ये घुम रहे हैं, चक्कर काट रहे । मेरा सवाल क्या था ? सवाल यह था कि :

"Whether Government have considered that these experts in terms of fiscal resources plus funds repatriated to the tune of 80 per cent constitute a drain on the country?"

मैंने ड्रैन आन दी कंट्री कहा, ड्रैन आन फोरन एक्सचेंज रिसोसिस नहीं कहा । आफ फर्क समझते हैं ही इसका ।

लेकिन जवाब क्या आता है इनका ?

"The question of drain of foreign exchange does not arise as this would result in a net foreign exchange income of 20 per cent of export earnings after remittances on all accounts (imports, profits, expenses)."

इसका मतलब यह है कि उत्तर देने वाला व्यक्ति मेरे प्रश्न को ही नहीं समझा या बहुत अच्छी तरह समझा और इसलिए उन्होंने उसको छिगाने का प्रयास किया । कहे का यह मतलब था कि जैसे कोका कोला है, आप उनको तीन किस्म के लाइसेंस इस वक्त दे रहे हैं । यूजर्स लाइसेंस तो आप सब को देते हैं और आपकी यह नीति है कि धीरे धीरे यूजर्स लाइसेंस की रकम कम कर दी जाए । फिर आप पहले प्राइमरी देते थे निर्यात व्यापार को । लेकिन डालर के अवमूल्यन के बाद आपने नई नीति अपनाई और आप पोर्ट रिपैनेनिशमेंट लाइसेंस देने लगे, और कोका कोला कम्पनी को आप एड हाक लाइसेंस दे रहे हैं । यानी जब रिपैनेनिशमेंट लाइसेंस कम कर दिया गया, साढ़े चार प्रतिशत तक लाया गया, तो श्री मुन्नहमम्य ने इस सदन में कहा कि सात लाख रुपये का एड हाक लाइसेंस हम ने कोका कोला एक्सपोर्ट कारपोरेशन को दे दिया है । मतलब यह है कि सदस्यों के दबाव में सरकार एक सही निर्णय करती है और मेम्बरों को आश्वस्त करती है कि हमने आप की बात को मान लिया है, रिपैनेनिशमेंट लाइसेंस की बीच प्रतिशत में घटा कर साढ़े चार प्रतिशत कर दिया है, और बीच में वह एड हाक लाइसेंस देती देती है ।

जयपुर से लौटने के बाद मेरा सारा समय इस रैंड वुक का अध्ययन करने में चला गया । मैं ने देखा कि इंजीनियरिंग इंडस्ट्री में जो डिजाइन और कन्सल्टिंग फर्म हैं, उन के अलावा सरकार ने और किसी को भी एड हाक लाइसेंस नहीं दिया । खाली कोका कोला कम्पनी उस की लाइली बन गई है । उस को वह एड हाक लाइसेंस देती है । इस तरह वह सदस्यों के साथ धोखा धड़ी करती है । क्या मंत्री महोदय अपने जवाब में इस का कोई स्पष्टीकरण करेंगे ?

मैं आप का ध्यान अपने दूसरे प्रश्न की ओर दिलाना चाहता हूँ, जिस में मैं ने विभिन्न मदों में जो विदेशी मुद्रा बाहर भेजी जाती है, उस के बारे में जानकारी चाही ।

उन्होंने हम को जानकारी दी है काहे के बारे में, प्राफिट्स, डिविडेण्ड्स। टेकनिकल नौ-हाक फीस, रायलटीज और हंड आफिस एक्स-पेंसिज। लेकिन उन कम्पनियों के इन के अलावा विदेशी मुद्रा बाहर भेजने के पचासों तरीके अपनाये हैं। उन के बारे में मंत्री महोदय ने कोई जानकारी नहीं दी। अगर एक भी डालर, या विदेशी मुद्रा इस देश से बाहर जायेगी, तो रिजर्व बैंक के पास उस की इत्तिला होनी चाहिए। तो फिर मंत्री महोदय की और से यह जवाब कैसे आता है? इस का क्या मतलब है? तो रिजर्व बैंक क्या कर रहा है? मेरी राय में यहां से जितनी विदेशी मुद्रा किसी भी नाम पर बाहर जाये, उस की इत्तिला रिजर्व बैंक को होनी चाहिए। तो रिजर्व बैंक के पास यह इत्तिला क्यों नहीं है? सरकार के पास क्यों नहीं है? सरकार हम को यह इत्तिला क्यों नहीं दे रही है?

इस विधेयक में बहुत से विषय हैं। एक बात के बारे में मैं मंत्री महोदय को जरूर धन्यवाद देना चाहता हूँ कि ब्रांड नेम्स के बारे में मेरा जो संशोधन था, उस को उन्होंने मंजूर किया। लेकिन जब इस संशोधन के बारे में मंत्री महोदय से मैं ने बात की, तो उन्होंने तीन अफसरों को ला कर बिठाया था। और उन लोगों का जो रबैया रहा, कैसे मंत्री महोदय इस बात को बर्दास्त करते हैं; मेरी समझ नहीं आता। अगर मैं उन की जगह पर होता, तो पहले तो मैं उन को निकाल कर बाहर करता। (व्यवधान) कैसे व्यवहार करना है, उन को उस का कोई तरीका नहीं है। एक दलील भी वे मेरे संशोधन के विपक्ष में नहीं दे सकें। अन्त में वित्त मंत्री को भी मानना पड़ा और उन्होंने कहा कि मैं इस पर विचार करूंगा।

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN): May I say a word about it? I think it is very unfair on the part of the hon. Member to say this. In this case, the hon. Member had asked for an appointment, and when he came to see me, some officials of the Ministry were

with me, and I asked the hon. Member 'Would you mind if the officers sit here?'. The hon. Member in fact shook hands with them.

(व्यवधान) माननीय सदस्य ने कहा मैं उन को बाहर निकाल देता।

I am not such an immodest person. If he had objection to their presence, he could have said so.

श्री मधु लिमये : अफसरों में मिलने में मुझे कोई एतराज नहीं है। उन के रहने पर मुझे कोई एतराज नहीं है। लेकिन जिस ढंग से तर्क तक करने के बजाय अड़ग डालते हैं :-

SHRI YESHWANTRAO CHAVAN: This is interpreting things in a way which affects the mutual relationship. After all, both of us are Members of this House.

श्री मधु लिमये : जिस ढंग से प्रशासन चल रहा है और मंत्रियों तथा पालियामेंट का नियंत्रण खत्म होता जा रहा है, उस के बारे में मैं ध्यान दिलाना चाहता हूँ। (व्यवधान)

MR. DEPUTY-SPEAKER: I think that when we fight over here, let us fight on a certain plane, and not drag in these officers here. Why should they be dragged in here?

श्री मधु लिमये : मैं ने किसी का नाम नहीं लिया। मैं तो साधारण दृष्टिकोण की बात कर रहा हूँ। यह सिद्धान्त का विषय है। (व्यवधान)

MR. DEPUTY-SPEAKER: Order, please. I am on my legs. It is for the Government to take care of its officers.

श्री मधु लिमये : नहीं। यह पालियामेंट का भी काम है। (व्यवधान)

MR. DEPUTY-SPEAKER: I may tell Shri Limaye that I shall not permit any government officer being elevated into a subject of controversy in this House. It is for the Minister to take care of them. I do not think that it is proper to drag in the officers.

[Mr Deputy-Speaker]

(Interruptions) Order, please. If he thinks that this House will be brought to that level that we shall discuss...

श्री मधु लिमये : मैं ने किसी का नाम नहीं लिया है। मैं अपनी मर्यादा में बोल रहा हूँ। (इयवान)

MR. DEPUTY-SPEAKER: Order please. You can censure the Government, but I think we are doing an injustice to this House if we drag in officers as subjects of controversy....

SHRI MADHU LIMAYE: \*\*

MR. DEPUTY-SPEAKER: That will not go on record.

It is for the Government to discipline its own officers....

SHRI MADHU LIMAYE: \*\*

MR. DEPUTY-SPEAKER: This will not go on record.

It is for Government to take care of and discipline its own officers.

SHRI MADHU LIMAYE: I do not agree.

MR. DEPUTY-SPEAKER: If the Government cannot discipline its own officers, there should be some other way of dealing with the Government.

SHRI MADHU LIMAYE: What rule are you going by? You are exceeding your authority.

MR. DEPUTY-SPEAKER: It is for the dignity of this House....

SHRI MADHU LIMAYE: What dignity?

MR. DEPUTY-SPEAKER: I am trying to uphold the dignity of this House and I say again that no officer should be elevated to the position of becoming a subject of discussion in this House.

SHRI C. H. MOHAMED KOYA (Manjeri): Under what rule are you saying this?

श्री मधु लिमये : मैं ने किसी अफसर का नाम नहीं लिया है। मैं अपनी मर्यादा के अन्दर काम कर रहा हूँ। आप अपनी मर्यादा के अन्दर काम कीजिये।

SHRI VAYALAR RAVI (Chirayvilkil): On a point of order.

MR. DEPUTY-SPEAKER: Let him go on. There is no point of order.

SHRI KRISHNA CHANDRA HALDER (Ausgram): Are the officers above Parliament?

MR. DEPUTY-SPEAKER: Order please. I would like the members to understand English. I am not so good in English. I have used the word 'elevation'.

AN HON. MEMBER: What does it mean

MR. DEPUTY-SPEAKER: Consult the dictionary.

SHRI BISWANARAYAN SHASTRI (Lakhimpur): On a point of order pertaining to....

MR. DEPUTY-SPEAKER: This is disposed of. The hon. member can go on.

श्री मधु लिमये : उपाध्यक्ष महोदय, मैं कह रहा था कि जो संशोधन मैं ने रखा था, उस के बारे में एक भी दलील ये अफसर लोग नहीं दे सके। मैं जानता हूँ कि अगर मेरी गलती है, तो वे बतायें। लेकिन बिना दलील दिये हट करना कि नहीं, हमारी बात सही है, इस को मैं तर्क नहीं समझता हूँ। यह बहस नहीं है। लेकिन, जैसा कि मैं ने कहा है, मुझे खुशी है कि मंत्री महोदय ने इस संशोधन को मान लिया।

\*यह संशोधन रखने का कारण क्या है? आज हमारे देश में कई विदेशी कंपनियों की

शाखायें हैं और इन शाखाओं ने अपना प्रभाव बहुत अधिक जमाया है। जैसे, कोलगेट-पामालिव ने डेढ़ लाख रुपये की पूंजी लगा कर गत साल 58 लाख रुपया मुनाफा कमाया है। क्या हो रहा है? हिन्दुस्तान में जितनी देशी कम्पनियां हैं, उन को ये सीधे तो स्वाहा नहीं कर सकतीं। इस लिए वे उन कम्पनियों की उत्पादन-शक्ति, कैपेसिटी, का इस्तेमाल अपना माल बनाने के लिए कर रही हैं। कोलगेट पामओलिव का साबून, शर्म की बात है कि टाटा आयल कम्पनी तैयार करती हैं। टाटा जैसा उद्योगपति कोलगेट पामओलिव कम्पनी का साबून तैयार करता है। इंडियन ट्यूबो कम्पनी बड़ो मर्लिन नेशनल कम्पनी की शाखा है, सबसिडिरी कम्पनी है या जी भी कहिए, वह क्या करती है? आज भारत में जितनी भी भारतीय सिगरेट कम्पनियां हैं, एक या दो को छोड़ कर सारी देशी कम्पनियां आइटीसी के ब्रांड की सिगरेट तैयार करने का काम करती हैं। यह एक सिद्धांत की बात मैं कह रहा हूं।

सिगर कम्पनी है सिलाई की मशीन बनाने वाली। आप लोगों को पता होगा कि शाहदरा में 'संसार' सिलाई की मशीन बनती है। हापुड़ में 'सहारा' मशीन बनती है। लुधियाना में बहुत छोटे छोटे लोग सिलाई की मशीन बनाते हैं सिगर कम्पनी क्या करती है। इस सारे माल के ऊपर अपने ब्रेड का नाम चढ़ा देती है। क्या यह उपभोगताओं को ठगने का कार्य नहीं है? अपने ब्रेड का नाम दे कर मुनाफा कमाना यह काम सिगर कम्पनी करती है, आईटीसी करती है, कोलगेट पामओलिव कम्पनी करती है। सरकार की यह घोषित नीति है कि जिन कम्पनियों के साथ फारेन कोलेबोरेशन एग्रीमेंट्स हैं धीरे धीरे उनको समाप्त किया जाए और विदेशी ब्रांड का नाम इस्तेमाल न किया जाये। टाटा मरसिडीज बैज ट्रक होता था। आपने मना किया कि मरसिडीज बैज नाम का इस्तेमाल नहीं होगा। टाटा का ट्रक आज भी बारह तरह हजार के प्रीमियम से बिक रहा है। वैस्पा के साथ वजाज का पर फारेन कोलेबोरेशन एग्रीमेंट

था। आज वैस्पा का इस्तेमाल नहीं होता है। बजाज स्कूटर फिर भी प्रीमियम से बिक रहा है। उसी तरह फीयट कम्पनी के साथ प्रीमियर आटोमोबाइल का एग्रीमेंट था। आज फीयट नाम का इस्तेमाल बन्द हो गया है। प्रीमियर प्रेजिडेंट गाड़ी प्रीमियम पर बिक रही है। तो यह तो हम देख रहे हैं कि ब्रांड नाम का क्या हो रहा है। अभी एक मोपेट का सवाल है। यानी आटोमोबाइल और ट्रक के लिए तो आपने ब्रांड नाम को बन्द कर दिया लेकिन एक कोयम्बटूर की मोपेट बनाने वाली कम्पनी है। उस का एक फ्रेंच फर्म के साथ कोलेबोरेशन एग्रीमेंट है। इस के ऊपर मैंने एक प्रश्न किया, क्योंकि मोपेट पूर्णतया स्वदेशी तकनीक से भी तैयार हो रहा है। कई कम्पनियां बना रही हैं। लेकिन इस कोयम्बटूर की कम्पनी के ऊपर हमारे औद्योगिक विकास मंत्री शायद मेहर-बान हैं। इसलिये हवी इंडस्ट्रीज के मंत्री ने मेरे पत्र के उत्तर में कहा है कि इनका फारेन कोलेबोरेशन और चार साल एक्सटेंड करने की इजाजत हम ने दी है। क्यों दी है? क्या आपके वित्त मंत्रालय का सम्बन्ध इसमें नहीं आता? फारेन कोलेबोरेशन एग्रीमेंट्स के चलते आपका पैसा क्या बाहर नहीं जाएगा? आप स्वदेशी उद्योगों को प्रोत्साहन देने के लिए विदेशी पूंजी के प्रभाव से इनको मुक्त करें। यह ब्रांड नाम का मैंने उदाहरण भाव दिया। और भी बहुत से गलत काम हो रहे हैं जैसे ब्रिटानिया बिस्कुट कम्पनी है यह गर्लैक्सो और हारलिव्स नाम का इस्तेमाल करती है। इसके बारे में भी मैं मंत्री जी को लिख चुका हूं। गर्लैक्सो को और हारलिव्स को आपने बिस्कुट बनाने का कोई मैनुफैक्चरिंग लाइसेंस नहीं दिया है लेकिन इनका नाम बराबर इस्तेमाल हो रहा है और इनके नाम पर ब्रिटानिया बिस्कुट कम्पनी बिस्कुट बना रही है, वे बिक रहे हैं और गर्लैक्सो और हारलिव्स का उसके लिए पैसा मिल रहा है। यह विदेशी मुद्रा की बड़े पैमाने पर चोरी है। इसलिए इस संशोधन का मैंने रखा।

इन कम्पनियों ने और क्या तरीके अपनाये



[श्री मधु लिमये]

हैं ये देखिए। इनको भारत में कम्पनी कानून के तहत रजिस्टर करना चाहिए। इसके सम्बन्ध में हमने क्यों संशोधन रखे? इसलिए कि वे ये कम्पनियाँ पचासों ऐसे उपायबुद्ध निका-लती है जिनसे वे विदेशी मुद्रा बाहर भेजती हैं, जैसे कोका कोला की ही बात लीजिये। उन्होंने क्या क्या तरीके अपनाये आप जरा देख लें। एक तो एडमिनिस्ट्रेटिव आफिस एक्सप्रेस के नाम पर ये पैसा भेजते हैं, फिर ये हैड आफिस एक्सप्रेस नाम पर भेजते हैं और इसके आधार क्या है? रिजर्व बैंक कहता है कि इनकम टैक्स डिपार्टमेंट का सर्टिफिकेट ले आओ आपको इजाजत मिल जाएगी। अब इनकम टैक्स डिपार्टमेंट इसके बारे में क्या जानता है। केवल अमरीका में इस तरह इंटरनल रेवेन्यू का कोई नियम है इसलिये हम यहां भी इसका इस्तेमाल कर रहे हैं लेकिन यहां हो क्या रहा है? एडमिनिस्ट्रेटिव एक्सप्रेस, हैड आफिस एक्सप्रेस और रिजर्व बैंक आफिस एक्सप्रेस इन एक्सप्रेसिस के नाम पर विदेशी मुद्रा बाहर जा रही है। जिस देश में टैक्सेशन कम होता है, अगर इटली में कम है तो ये एक्सप्रेसिस इटली के नाम पर, हालैंड में कम है तो उसके नाम पर, लंदन में कम है तो उसके नाम पर दिखाये जाते हैं। आप बताएं कि इन सब खर्चों का, एक्सप्रेसिस की परिभाषा क्या है? जो पूंजी भारत में लगी उसका निरीक्षण करना यही तो इनके कार्यालयों का काम है। इस काम के लिए देखिये, मैं आपको बताता हूं, हैड आफिस एक्सप्रेस रायल्टी का ही एक दूसरा विकल्प है। यह रायल्टी ही है। कोका कोला की चार साल की फिशर्ज 1968 से मेरे पास हैं। नॉ परसेंट बराबर चला जा रहा है। यह रायल्टी का ही दूसरा रूप है। एडमिनिस्ट्रेटिव आफिस एक्सप्रेस देखें। 1970 में पांच लाख था और 1971 में 42 लाख हो गया, डेढ़ प्रति-शत से बढ़ कर आठ प्रतिशत हो गया। कोई मजाब थोड़े ही है? इसीलिए गुस्सा आ रहा है। वह सब हो क्या हो रहा है? सुपरविजन के लिए कहीं इतना खर्चा बढ़ जाता है 5 लाख से

42 लाख। यह विशुद्ध लूट चल रही है। इस का अभी तक उत्तर नहीं दिया गया। क्योंकि राज्य सभा में शायद वड़े प्रेमपूर्वक रिश्ते इनके सदस्यों से होते हैं। लेकिन जहां सार्वजनिक सवाल आते हैं उन में प्रेमपूर्वक बातें का क्या सवाल है। एक बात और अभी तक पता नहीं चली। लगभग 1 लाख से थोड़ा कम कोका कोला कम्पनी का लाइसेंस था। एकाएक किसी अफसर ने—अब आप कहियेगा कि किसी अफसर का नाम मत लीजिए, तो बताएं यह किस ने किया, जवाब मिलना चाहिए, उस को एडवाका लाइसेंस दिये गए और एक साल में जो एक यूजर्स लाइसेंस मिलता था, वह एक साल में दो मिलने लगा। कितनी कम्पनियों को दो लाइसेंस देते हैं? रेड बुक में इसके लिए कोई प्रावधान है? इस का अभी तक जवाब नहीं मिला है कि यह डबल लाइसेंस किस की स्वीकृति से कोका कोला कम्पनी को दिए गए। अभी तक जवाब नहीं मिला। मैं चाहता हूं कि मंत्री महोदय अपने जवाबी भाषण में इस का भी खुलासा करें। इसी तरह मैंने जो कहा कि 7 लाख का एड-वाका लाइसेंस इन को क्यों दिया गया इमैंका भी खुलासा करें।

ये सारे तथ्य मैं आप के सामने इसलिये ला रहा हूं कि मेरा जो दूसरा संशोधन है जिस के बारे में तरफ़ तरफ़ के आक्षेप उठाए गए, आपने यह आश्वासन दिया है, प्रधान मंत्री के सामने सभी सदस्यों की मुलाकात हुई, उस में यह खर्चा हुई और तब यह आश्वासन सरकार के द्वारा दिया गया कि कम से कम कन्ज्यूमर इंडस्ट्री में विदेशी कम्पनियों की जो शाखाएं हैं उन को इंडियन कम्पनीज एक्ट के तहत रजिस्ट्रेशन करने के लिए इम बाध्य करेंगे। वित्त मंत्री ने मुझको कहा कि कंब नेट के इस्ट्र-क्शंस इस के बारे में जाएंगे। मैंने यह मांग की है कि जो भी इस्ट्रक्शंस दिये जाएंगे वह सदन के सामने आप रखें ताकि हमें पता चले। क्यों कि यदि वित्त मंत्रालय को या रिजर्व बैंक को इस में विवेकपूर्ण अधिकार आप देंगे तो विवेक-हीन दृष्टि से ही इन का इस्तेमाल होगा।...

(व्यवधान)... थोड़ा समय बढ़ा दीजिये । मेरा तो अभी पांचवा हिस्सा भी खत्म नहीं हो पाया । ... (व्यवधान)... तो ठीक है मैं अर्मेन्डमेंट्स और थर्ड रीडिंग पर बोलूंगा ।

अन्त में मंत्री महोदय से मेरी प्रार्थना है कि विदेशी जो बड़े बैंक्स हैं उन को बैंक नेशनलाइजेशन एक्ट से आप ने मुक्ति दी फारेन एक्सचेंज रेगुलेशन से भी उन को आप ने मुक्त किया, तो आप यह सब सहूलियतें उन को क्यों दे रहे हैं? यह मेरी समझ में नहीं आता । अगर मंत्री महोदय यह कहेंगे कि यह पहला कदम है और इस के बारे में एक व्यापक विधेयक लेकर वे आएंगे तब इन सब बातों पर विचार करेंगे तब तो कोई एक बात होती है । लेकिन जब तक कोई ऐसा आश्वासन नहीं देते तब तक मेरा आग्रह है कि यह डिस्क्रिमिनेरी पावर विवेकवादीन अधि-कार इस जो है डिस्क्रिमिनेरी शब्द से मूझ बड़ी है । मेरा यह अनुभव है और मैंने थर्ड पे कमीशन की रिपोर्ट के समय भी कहा था कि अफसरशाही इतनी हमारे ऊपर छा रही है कि 222 प्रतिशत उन की संख्या में बढ़ोतरी हुई है सेकेन्ड पे कमीशन और थर्ड पे कमीशन के बीच में, यह तो मैं ने आप से कहा था मंत्री के बारे में वह कहते हैं कि मंत्री तो कैजुअल नबरर हैं, आते हैं, जाते हैं, लेकिन हम तो यहां हैं और जो आई० ए० एस० हैं उन को तो कोई हटा ही नहीं सकता । इस लिए मैं तो पार्लियामेंट की प्रतिष्ठा डिगनीटी को ऊंचा उठाने का प्रयास कर रहा हूं आप इन बातों को क्यों नहीं समझते लोकतन्त्र तभी अच्छा चलगा, जब मंत्री अपने विभागों पर अच्छा नियन्त्रण करेंगे और पार्लियामेंट मंत्री और उनके विभागों पर अच्छी तरह से नियंत्रण रख सकेगा ।

MR. DEPUTY-SPEAKER: I should not be misunderstood. The role and functioning of the bureaucracy, we can discuss. What I was saying was, individual officers should not be brought in here, whether you name them or not.

श्री मन्त्रि लिमय : मैंने किसी के बारे में नाम

नकर नहीं कहा है । मन्त्रि उन से कोई मतलब नहीं है ।

SHRI B. V. NAIK (Kanara): Sir, I rise to support this Bill. By and large there has been agreement that as far as regulation of foreign exchange is concerned, this has been a substantially forward step in trying to curb the drain or suppression of the foreign exchange earned by this country and its nationals. In trying to regulate or control foreign exchange, I think many hon. members went substantially beyond the brief inasmuch as an attempt was made to link up this Bill with the economic policies of this government on the national as well as international plane. On the floor of this august House, I had once the rare opportunity to ask the Finance Minister, where India is in the present decade opting out for a stage of economic isolationism. It was with reference to remittances of profits outside by cigarette manufacturers. At that time, if I remember correctly, the minister had been good enough to reply that that would be an extreme position to define the present phase as economic isolationism. I, therefore, feel in the present context, to bring in the entire gamut of the economic policies that this country will be following whether within or outside would be going a bit too far. There are multi-nation corporations. For example, one of the giants in the USA, the General Motors, has got a budget which is slightly higher than, if not very much higher than, the budget of the Government of India. We have also seen that in respect of the manufacture of automobiles even communist countries like Russia have entered into collaboration with the advanced western countries. There are also indications that even communist China will be entering into collaboration with the advanced industries of Japan.

Under the circumstances, I would like to say that regarding our policy in respect of taking capital aid, in respect of collaboration in regard to either technology or instruments of

[Shri E. V. Naik]

production which we can call capital, unless a very clear-cut decision is taken as soon as possible I feel it would be hazardous for us to make *a priori* value judgments in regard to what should be the relationship of foreign capital *vis-a-vis* India and the Indian industry *vis-a-vis* foreign capital. I wish that the Government of India should make up its mind as soon as possible and give a clear picture to the good foreign investors—I do not mean the swindlers or racketeers but honest foreign investors—in respect of essential basic technology of advanced production in this country, as to what will happen to an investor, be it from Japan, a East European country or for that matter any country in the world. I think it would be preferable to withhold our judgment in regard to repatriation of profits on the board and under the table, till that time.

In this context, as far as the limited application of the Bill is concerned, particularly in specific areas which are known as avenues for us of scarce foreign exchange, particularly by the top layer of 0.001 per cent of our country, I would like to know how the Bill intends to regulate the misuse of foreign exchange, for instance, by the Diners' Club. It is an international organisation which is used as a very convenient vehicle by the affluent Indians to enjoy the benefits, without even recourse to the foreign exchange of all the facilities in foreign countries merely by becoming a member of that organisation. It would be very interesting to know how that is being regulated or checked by this Bill.

Then, we have an estimate of the black money in circulation in this country of about Rs. 1,400 crores. But I do not know whether we have any estimate in regard to what we call as neither white money, nor black money, or gray money but transferred money, the invisible money which is held in foreign banks, particularly in Swiss banks. It is well-known that

whether it is in respect of purchase of ship or heavy capital machinery there is a kick-back of about 15 per cent, especially in this countries where the tip of a waiter is 10 per cent. When they purchase machinery worth Rs. 10 crores about Rs. 1 crore is credited to their secret account in a foreign bank. Has any study been made of this? I think it would be worthwhile for the Finance Ministry or the External Affairs Ministry to conduct a study in depth of the extent of this money either by the employment of certain economic police or a special branch of the Central Bureau of Investigation. In advanced industrial countries the kick-back is in the open and it can be found out by looking into the balance sheets and the financial statements of these concerns. Such a study will reveal the extent of money held in foreign banks by the affluent section of our country. Then alone we will be in a position to have certain realistic date in regard to the invisible money which has been responsible not only for the simple comforts of these people but also for the gold smuggling and there rackets which again involve the violation of the foreign exchange regulations of this country.

Under these circumstances, while I welcome this Bill as one of topical value and of relevance today, I would say that it is not possible to completely regulate this continuous drain on our foreign exchange unless we will be in a position to unearth and have a correct estimate in regard to the invisible money.

**श्री डी० एन० तिवारी (गोपालगंज) :**

उपाध्यक्ष जी, इस बिल में मुद्रार के लिए जो प्रावधान किए गए हैं उनका स्वागत है लेकिन मैं यह कहना चाहता हूँ कि यह बिल समय के बाद आया, इसको 5-7 वर्ष पहले आना चाहिए था। वैसे कि श्रीर कामों में होता है वैसे ही इस काम में भी सरकार ने समय पर काम करने के लिए नहीं मोचा। इसलिए करोड़ों की विदेशी मुद्रा हम लोगों के हाथ से बाहर चली गई जिसको हम बचा नहीं सके। कुछ

इंडस्ट्रियलिस्ट्स ऐसे हैं जिनको इंडस्ट्रियलिस्ट भी कहना अच्छा नहीं लगता, उनको लूरा कहा जा सकता है। वे किसी न किसी तरह से देश का धन लूट कर विदेशों में अपने खाते में जमा करते हैं और इन्कमटैक्स से ही नहीं बल्कि और भी तरह से देश को क्षति करते हैं। उसमें केवल वही नहीं होते, उनका साथ देने वाले हमारे यहां के बड़े बड़े आफिनर और कुछ केनेज में संलग्न भी होते हैं जो ऐसा करते हैं। मैं दो तीन उदाहरण आपके सामने रखूंगा। एक तो हरीदास मुंघड़ा हैं जिनपर 5 करोड़ तक इन्कम टैक्स बाकी है जो दो तीन वर्ष पहले 3 करोड़ था, वह घटने के बजाये 5 करोड़ तक बढ़ गया। इनके 3 मिलियन पाउंड्स इंग्लैंड में जमा हैं। मेरे पास सबूत है, आप समय नहीं देंगे पढ़ने के लिए लेकिन मेरे पास कागजात हैं जो साबित करते हैं कि कैसे इसका धन वहां इकट्ठा होता है : एक केस हुआ था—

—In the High Court of Justice Queen's Bench Division between Bhramapootra Tea Company Limited and Nirmaljit Singh Hoon.

उसमें उन लोगों ने रिपोर्ट दी है कि किस किस कम्पनी में इसका राया है जोकि करोब तीन मिलियन के है।

दूसरा केस बर्ड एन्ड कम्पनी के सम्बन्ध में है उसमें जो जर्माना होना चाहिए था फारेन एक्सचेंज के सम्बन्ध में वह नहीं हो सका। पहले यह कानून था कि पेनाल्टी तीन गुना होगी जिसको बढ़ाकर सन 1963 में पांच गुना किया गया लेकिन आज तक कभी किसी पर भी उतना जर्माना नहीं किया गया। एक मर्तबा किसी को कुछ कम ही जर्माना हुआ तो हमारे एक फाइनेंस मिनिस्टर ने उस पर भां कह दिया कि यह पेनाल्टी वाररेंटेड है लेकिन वास्तव में जितना होना चाहिए था उतना नहीं हुआ था।

तीसरा केस बा० ए० ए० सी० का है जिनमें दो करोड़ का गोल्ड सीज हुआ था, एयरक्राफ्ट

भी सीज हुआ था। कन्टम आफिनर ने उनको सीज किया लेकिन उनकी बात न मानकर सारी पेनाल्टी, भारा राया और यहां तक कि सोना भी छोड़ दिया गया तथा हवाईजहाज भी छोड़ दिया गया। उसमें उन बक्क के अर्थ मंत्रालय के अधिकारी—मैं नाम नहीं लेना चाहता अपने मन में सोचता हूँ—तथा बोर्ड के क्लर्क भी संयुक्त हैं और उन्होंने उस आफिनर को जिसे किया था कहा तुम उसमें मुरबबत करो, इतना फाईन करो और उतने फ़ैवर में फमला दो। बँना न करने के लिए उनके खिलाफ वारंटवाहो की गई। वह हाईकोर्ट में गया और उनमें एफिडेविट दी कि किन किन बड़े अफसरान ने निफारिश की थी कि ऐसा न करो लेकिन वह माना नहीं और उनमें फाईन किया परन्तु अन्त में वह जर्माना माफ किया गया, सोना छोड़ दिया गया और एयरक्राफ्ट भी छोड़ दिया गया। तो किसी करने से क्या हम कभी फारेन एक्सचेंज बचा सकेंगे ? क्या उस देश में जो काला धन है उसको निकाल सकेंगे ?

काले धन का लोग बहुत जिक्र करते हैं। काले धन को हम अंधे के समान डूंड रहे हैं कि वह कितना है। कोई पांच या करोड़ कहता है, कोई हजार करोड़, कोई दो हजार करोड़ और कोई चार हजार करोड़ कहता है यह उसी समान है जैसे कि चार अंधे दूधने के लिए गए कि हाथी होना क्या है। उसमें से किसी ने पैर देखा तो कहा हाथी ऐसा होता है, किसी ने मूंड देखी तो कहा हाथी ऐसा होता है किन्तु हाथों कितना बड़ा है, सवा ज्ञान उन्हें नहीं हुआ। वैसे ही हमें भी ज्ञान नहीं हो रहा है कि हमारे देश में कितना काला धन है।

MR. DEPUTY-SPEAKER: In the form of Indian money or foreign exchange?

श्री डॉ० एन० तिवारी : देश में जो काला धन है उसको तो सरकार हानि न कर सकती है।

MR. DEPUTY-SPEAKER: I thought you were discussing about foreign exchange.

श्री डी० एन० तिवारी : लेकिन जो फॉरेन एक्सचेंज के जरिए से दूसरी जगह बैंक में जमा हो गया वह कैसे आ सकेगा, यह समझ में नहीं आता है। इसीलिए मैं ने उदाहरण दिए कि देश के काले धन के लिए बहुत हल्ला करने हैं लेकिन विदेशों में चोरी से जो फॉरेन एक्सचेंज इकट्ठा हुआ है उस के बारे में कोई जानकारी नहीं है और शासक जानकारी लेने की हम कोशिश भी नहीं करते हैं। राज्य सभा में भी श्री बंका बिहारी दान ने 1969-70 में प्रश्न किया था लेकिन जवाब दिया गया :

"The facts are being collected and will be placed on the Table of the House."

लेकिन आज तक फैक्ट्स नहीं आये कि क्या हैं। कब फैक्ट्स क्लैक्ट किए जाएंगे, और कब टेबिल पर रख जायेंगे जिससे जानकारी हो यह समझ में नहीं आता है।

एक बार जैन युप कम्पनीज का सर्वं हुआ था जिम् में तीन करोड़ रुपये उन का थु एस ए में जमा है, ऐसा पया गया था, लेकिन उस पर भी कोई कायवाही नहीं हुई। मेरी समझ में नहीं आता कार्यवाही क्यों नहीं हुई? क्या बाधा है, इसकी जानकारी नहीं है।

इस फॉरेन एक्सचेंज रेगुलेशन बिल में कई मदों में हम ने सजाय बढ़ाई है लेकिन जो आलरेडी कानन है उस का इस्तेमाल हम नहीं कर रहे हैं। पहले के प्राविजन्स केमे इनएडिक्वेट साबित हुए इस की हमें जानकारी नहीं है। जैसा मैं ने उदाहरण दिया था कि पांच गुना फाइन करने का भी अधिकार है तो वित्त मंत्री जी यतायेगे कि कितने केसेज में उन पर पांच गुना जुर्माना हुआ। छोटे-छोटे केसेज में दो सौ, चार सौ या हजार का पांच गुना हो गया लेकिन जो बड़े बड़े लोग पकड़े गए उन पर भी कभी पांच गुना जुर्माना हुआ

या नहीं? ऐसी हांत में तीन गुने से पांच गुना बढ़ाने की क्या जरूरत है? इस विधेयक में पेनाल्टी बढ़ाई गई है और जेल की सजा दी गई है लेकिन उस में एक लूपहोल छोड़ा गया है और वह यह है कि कोर्ट अगर समझे तो 6 महीने से कम सजा कर सकती है। दो वर्ष तक सजा देने की बात है लेकिन अगर कोर्ट समझे तो 6 महीने से कम सजा कर सकती है। इस का अर्थ यह होगा कि कोर्ट में भी आप करप्शन का दरवाजा खोल रहे हैं। इस में एक न एक तरह से 6 महीने से कम सजा होगी। हम लोग ही कोर्ट में फैसला करने के लिये जाते हैं, कोई फरिश्ते तो वहां आते नहीं हैं। जैसे कि हम में कमजोरियां होती हैं वैसे ही उन में भय होती है। इसलिए वहां के लिए भी एक लूपहोल निकाल कर करप्शन का दरवाजा खोलना कहां तक उचित होगा? उचित तो यह रखना था कि इतने से कम सजा नहीं होनी चाहिए, अगर कोई ऐसा कमूर करता है, और अधिक से अधिक का प्रावधान कर दें लेकिन इन तरह से उस के डिस्क्रिशन पर छोड़ना कि 6 महीने से कम भी सजा की जा सकती है, मैं समझता हूं यह ठीक नहीं है।

एक धारा 10 में परसेन्ट होल्डिंग को बड़ा कर 40 परसेन्ट किया गया है मैं समझता हूं वह बहुत ज्यादा है। यह 25 परसेन्ट से ज्यादा नहीं होना चाहिए। 25 परसेन्ट भी बहुत होता है इसलिए जरूरत है कि वित्त मंत्री जी अमेन्डमेन्ट ला कर उस का सुधार करे।

एक धारा में यह लिखा हुआ है कि जो पैसा जमा करते हैं उन के केस का फौसला नहीं होता है तो उस रुपये पर तब तक उस को मूद दिया जायेगा। जब तक निबटारा नहीं होता हम लोग देखते हैं कि किमानों द्वारा सप्लाइ किए हुए क गन्ने का मालों तक पैदा रखा रह जाता है लेकिन मूद का कहीं नाम नहीं। जो गरीब हैं उन के लिये मूद की कोई व्यवस्था नहीं है। लेकिन जो पैसे वाले हैं उन को मूद देने की आप ने व्यवस्था की है।

विदेशी बैंकों द्वारा बहुत सी फौरन ऐक्सचेंज की गड़बड़ी होती है। क्या उपाय है उस को बन्द करने का? हम ने 14 बैंकों का राष्ट्रीयकरण किया। मैं समझता हूँ कि आज सरकार को सोचना चाहिये कि विदेशी बैंकों का राष्ट्रीयकरण क्यों न किया जाय। अगर राष्ट्रीयकरण कर दिया जाता है तो फ़ॉरेन ऐक्सचेंज के जाने का रास्ता बन्द हो जायगा। माननीय मधु लिमये जी ने बहुत सी बातें कही हैं कि कैसे फ़ॉरेन ऐक्सचेंज बाहर जाता है। लेकिन सब से बड़ा रास्ता ये फ़ॉरेन बैंक्स हैं। जब इन का राष्ट्रीयकरण हो जाएगा तो यह रास्ता रुक जायगा और बड़ा भारी इन जो हमारे फ़ॉरेन ऐक्सचेंज का है वह खत्म हो जायगा।

तीसरी बात अन्डर इनवायसिंग और ओवर इनवायसिंग की है। यहां से जो विदेशों को माल भेजा जाता है उस की अन्डर इनवायसिंग होती है और इस तरह से जो पैसा बाहर बचता है वह फ़ॉरेन बैंक्स में जमा करते हैं। और इसी प्रकार वहां से जो माल हमारे यहां आता है उस में ओवर इनवायसिंग होती है और उस में से जो डिफ़रेंस होता है वह फ़ॉरेन बैंक्स में जमा होता है। दो, चार साल में इस तरह से कितना धन विदेशों में बचाया गया इस का ग्योरा सरकार को देश के सामने रहना चाहिये कि अन्डर इनवायसिंग में इतने धन की चोरी हुई और ओवर इनवायसिंग में इतना धन विदेशों में बचा कर रखा गया। वह धन हमारे देश का है लेकिन देश की उन्नति के काम नहीं आता, बल्कि दूसरी मर्दों में काम आता है। यहां के सामान की कीमत कम की इनलिये यहां का धन गया, वहां से जो सामान आता है उस की ओवर इनवायसिंग हुई। तो यहां से ज्यादा धन ले जा कर देने को हुआ जब कि ऐक्चुअली वह नहीं किया गया। इन की जानकारी सरकार को लेनी चाहिये और इस में कोई दिक्कत सरकार के लिये नहीं होनी चाहिये। पर क्या वजह है किस की

बजह से पता नहीं लगाया जाता, मैं नहीं जानता ऐसा क्यों नहीं हो रहा है और न इसकी कोई चैकिंग हो रही है।

एक बात में वित्त मंत्री जी से और कहना चाहता हूँ और वह यह कि आप के स्पाईज होते हैं जो इन सब की सूचना में देते हैं और उस का लाभ उठा कर आप कंगेड़ों रु० सरकार के खजाने में लाते हैं। इसलिये ऐसे लोगों के साथ व्यवहार अच्छा होना चाहिये। बिना वजह ऐसे लोगों को ब्लैक लिस्ट नहीं करना चाहिये, उन का पैसेन्ट नहीं रोकना चाहिये। मुझे एक आध केस मालूम है जहां ऐसा हुआ है। सोत ही आप अपना खत्म कर देंगे तो आप को सूचना कौन देगा। उन के लिये तो आसान है कि जिस के खिनाफ़ उन को रिपोर्ट करनी है वे उन से मिल कर अधिक पैसा कमा सकते हैं। इसलिये सरकार को ऐसे लोगों के साथ अच्छा व्यवहार करना चाहिये, हम को मालूम है कि सूचना देने से कुछ अफ़सर लोगों ने पैसा कमाया, मैं वित्त मंत्री को कागज दिखा सकता हूँ कि वह पैसा अफ़सरों ने कमा लिया और जो पैसा सरकार को मिलना चाहिये था वह सरकार को नहीं मिल सका बल्कि षड़यंत्र कर के अधिकारियों ने हड़प लिया।

SHRI RAGHUNANDAN LAL BHATIA (Amritsar): Sir, I rise to support this Bill. The object of this Bill is to regulate the foreign exchange and conserve the necessary foreign exchange so that we may utilise this exchange for the developmental activities in this country. Sir, the foreign companies are being permitted to work in the technological fields where Indian entrepreneur is not able to work. But what we find is. During the course of the last many years these companies have engaged themselves in various activities which are actually detrimental to our national interest. These companies have started working in various fields of consumer industries for which they were not meant to work

[Shri Raghunandan Lal Bhatia]

here. They have engaged themselves in various ways of manipulation and they have thus extended their activities in various fields. Drug companies and pharmaceutical companies which have been given licences to produce certain life-saving drugs are producing things like sweets, biscuits, chewing gums, Telcum powder, etc. Why they were allowed to expand, and who gave them permission, one could not understand. They misuse the import licences. Licence is given to the company in order that the company may work in their own field. But this is not happening.

Take Coca-cola for instance. There have been discussion in this Parliament also about this company. They have been misusing these licences. They said, they require 20 per cent replenishment. An enquiry was held. It was found that they would require only 4½ per cent replenishment. In this way they have been misusing this replenishment. They have been making huge profits in this country. Their ultimate object or aim was to take away our much-valuable foreign exchange in the form of profits and other service charges.

They misuse the excess capacity. We should know what is the licensed capacity and what is the excess capacity and how they misuse it. I would not like to repeat this thing in the House and take away the time of the House. So many foreign companies are there and they have capacity far in excess. These companies have also diversified their production. If a company is given licence for a particular thing, they will go on diversifying their production, start making more money, so that they may repatriate their profits outside.

They work contrary to our Import Trade Control policy. All these facts have come out in the House already. These companies have made so many devices, whereby they can get away

from the laws and regulations of this country. Cola-cola brought a capital of only Rs. 6 lakhs and odd, to be exact, it was Rs. 6.60 lakhs. They have repatriated 43.2 lakhs. Last year, they have repatriated 2.6 lakhs as service charges. Income-tax Department has been sleeping over it. So also, the Reserve Bank of India. In the Joint Select Committee the Reserve Bank officers have been asked if they have made any survey as to how much profit is being repatriated in the country by these various companies and they could not answer.

15 hrs.

I say why has this been done? They say it is not our case that they are acting only as cashiers, it is the other department who is responsible for it. Since the income-tax people are admitting these expenses, whether it is head office charge or the area office charge or some other charge, they are condoning and the Reserve Bank is sleeping over it.

Similarly, what we find is that these 752 foreign companies are working in this country. Out of them, 529 are registered and 33 companies are acting as subsidiaries of these foreign companies. The value of assets of these foreign companies is Rs. 2,400 crores as against a total of Rs. 8,000 crores invested by the private sector in this country. The value of the output of these foreign companies is Rs. 2,500 crores which is roughly 33 per cent of the value of the total production of the entire private sector in this country. This 33 per cent production is a very important aspect that we must go into. This is playing a havoc with our economy and unless we control their activities in the manner as envisaged in this Bill, it will not be possible to control them.

These companies are buying Indian products and selling them under their brand names. For example, Petro-

Chemical Company is selling blade or battery for which they were never licensed nor were they permitted. In this way, they are earning huge profits. This is all happening because there is no rigid control on these firms. Various departments are dealing with it—The Department of Industrial Development is dealing with licensing; the Department of Finance and Reserve Bank deal with foreign exchange. The Department of Import and Export is also dealing with that. There is no coordination between all these departments. That is why these foreign companies are taking advantage of this loophole and are making huge amounts at the expense of this country.

I Say that this Bill is not complete although it is a very good attempt to stop the leakage. And yet, so much has got to be done. I would like to point out to the hon. Minister one thing so that he may be able to deal he deems fit. These branches of the deems fit. These branches of the foreign companies must be registered. So far, they are not registered even though they are working here. And they all must be brought under this control. Secondly, the foreign companies which have 40 per cent interests will be controlled by this Bill. It is envisaged that they will be controlled. But, what about the companies which have less than 40 per cent interests? That also must be taken into consideration. There are instances in this country that the foreign company which has a capital interest ranging from 10 to 15 per cent or 20 per cent or 25 per cent is really managing all these companies because there happen to be small share-holders and they manipulate to have a hold on them. It is the implementation of this Bill that will make a difference. So, this is a very important aspect which must be looked into. Thirdly, this Bill does not provide for a foreign national who is a resident here and gives foreign exchange to an Indian for a change

or to Indians who have set up an industry abroad. Just as Tata has entered into an agreement in this regard, so is the case with regard to Birlas. The activities of the Indians also who are going to work abroad to manufacture goods in collaboration with outsiders, their activities should also be controlled.

I consider the present Bill a very important measure. Considering what has not been done during the last 25 years, and the difficulties that we have faced and the way the leakage of foreign exchange has been going on, the present measure is a bold attempt on the part of Shri Chavan to plug the leakage of foreign exchange. I congratulate him on this radical measure. I would also like to emphasise that once we pass this Bill, it will be passed on to somebody else for implementation, and no useful purpose will be served unless all the clauses that he has envisaged or all the amendments that are being made are implemented properly. There have been so many laws in this country, and yet the foreign companies have been able to find their way and they have been manipulating and they have been able to find out some way or some lacuna by which they have been able to expand without licence, and they have been under-invoicing and over-invoicing and thus taking advantage of the situation. I hope Shri Chavan will look into it, and so far as the implementation is concerned, it will be taken proper care of.

SHRI VAYALAR RAVI (Chirayinkil): I welcome this Bill. I agree that this Bill is not without any loopholes, and it is not comprehensive enough to check every kind of drain on foreign exchange. But I consider this Bill as just a beginning and not an end. If loopholes are found, then here is the forum where we can plug these loopholes.

First of all, I congratulate the hon. Minister on his bringing forward



[Shri Vayalar Ravi]

such a Bill to check or regulate foreign exchange. If we go through the Kaul Committee's report we find that there is about Rs. 214 crores worth of leakage of foreign exchange every year, but unofficial reports say that it is much more than that; they go to the extent of putting it at Rs. 1000 crores. So, we cannot say which is correct or which is true. Anyhow, everybody admits that there is leakage and there is manipulation and there are various other methods by which money is taken away from our country.

It is in this context that we have to examine the functioning of the different branches of the foreign companies, rather I must say, the multinational corporations which are functioning in India also. There may be disputes about the profits of these companies, and I shall not, therefore, go into the arithmetic of those things. But it is very interesting to examine the different heads that they use to repatriate money from this country. Certain industries which produce consumer items like Coca Cola, for instance, are taking away money under various heads like head office expenses, administrative office expenses, area expenses, service charges, export commission and so on.

Then, take the case of the automobile tyre industry. It is much more interesting. They repatriate money under the heads of technical know-how fee, purchase commission, export commission, raw material and machinery purchase commission, and finally dividend. These are the different heads that these people use for taking out the profits away from our country. So far, we could not prevent this kind of drain on foreign exchange. In the case of the automobile tyre industry, 80 per cent of the production is today controlled by foreign companies.

Take these foreign companies. Firestone is 100 per cent foreign-

owned, Dunlop about 60 per cent, Ceat and Good Year 50 and 55 per cent respectively. This shows that these companies control the vital automobile tyre industry, 80 per cent of the whole production. They are selling the product in the black market. That is generating more black money. This is the malpractice in which they are indulging. They are not only controlling production but generating black money which is harmful to the economy itself.

You will be surprised to know about certain things. I have the same complaint as Shri Madhu Limaye had. When information is asked for from the Finance Ministry, they try to evade giving answers. I asked a question about the figures in the last three years 1970 to 1973. The Ministry could give the information only from 1968 to 1970. Anyhow this is the position: Dunlop had taken money out by way of royalty in 1968-69 Rs. 38.52 lakhs; in 1970-71 it was Rs. 77.9 lakhs; on technical knowhow account, it is Rs. 44.05 lakhs in 1968-69 and Rs. 51.6 lakhs in 1970-71. Then Firestone which is 100 per cent foreign controlled: Rs. 81.17 lakhs in 1968-69 which went up to Rs. 235.10 lakhs in 1970-71. I am sure the figures from 1971 to 1973 would be double. The same is the case with Ceat and Good Year—I need not elaborate it. This is only on account of royalty and knowhow. Figures of other items like purchase commission, export commission, raw material/machinery purchase commission are not given. I make an appeal to the hon. Minister. The Reserve Bank must have up-to-date information on these. I do not know why it cannot be made available to MPs. It is another matter—I do not want to go into it. I would request the hon. Minister to advise the officers to give correct information.

These companies—take Firestone for example—have expansion licence, by which 90 per cent of the production will be controlled. This will be

the position during the Fifth Plan. We must have regulations not only under the Foreign Exchange Regulation Act but also control in regard to industrial licensing policy.

In this connection, I hope the Finance Minister will agree with me that the foreign companies should not have more freedom than Indian companies. They should not have the facility to expand and acquire more assets or more manufacturing capacity than that allowed to Indian companies. They have to be registered under the Indian Companies Act. It is not fair. That is why under cl. 26,—as Shri Somnath Chatterjee pointed out, it is a very important clause—I hope the Finance Minister will agree that these companies should not be given more freedom in the matter of acquiring property or expansion. They must be asked to register under the Indian Companies Act. They should not be allowed unrestricted freedom.

These multi-national corporations which are spread all over the world can manipulate and bypass Indian regulations. Through their branches in this country, they do it. I hope the Finance Minister will agree at least to place before this House the guideline which he intends to give to the RBI in regard to these foreign branches which function in the country and register them under the Indian Companies Act.

Now I come to cl. 28, to which Shri Madhu Limaye also referred. We cannot allow the trade marks to be used frequently by their agents or other companies in the country itself. I do not want to elaborate on this. I fully support the view regarding cl. 28. The Finance Minister has tabled an amendment which I support. I hope he will consider the proposal regarding cl. 26.

**THE MINISTER OF FINANCE**  
(SHRI YESHWANTRAO CHAVAN):  
Mr. Deputy-Speaker, Sir, I have

heard with interest the speeches made by the hon. Members on this side and also of the hon. Members opposite. By and large, I would say that the Bill has been welcomed, though with certain reservations and certain criticisms. I can very well understand it because this type of effort has been made after a long time. Excepting certain miscellaneous amendments that were introduced sometime in the mid-60's, this question of amendment of the Foreign Exchange Regulation Act on this scale has been attempted for the first time. Therefore, I am prepared to accept the reservation of my hon. friend Shri Ravi that this is the beginning and not the end. It cannot be the end of it. Naturally, I have never claimed this particular Bill to be a very perfect piece of legislation. After an experience of a couple of years or even a lesser time, may be the Government will find it necessary to come with further amendments. This is my own idea about this present Bill, because we are trying to deal with a problem which, I must confess, is a rather complex one, complex in this sense that we are dealing with a very valuable commodity, item, or resource called foreign exchange which takes different forms and which comes to us in different ways either by export trade or by certain credit systems or by certain foreign collaborations or from other people working in this country either in the field of manufacture or in the field of trade. Certainly in these mechanics and manipulations of import and export, certain leakages were taking place and perhaps are taking place.

One of the hon. Members, Shri Jyotirmoy Bosu, made mention of a third problem, that the indication and the size of the amount involved which was given by the Kaul Committee is some sort of an under-estimate. It is quite possible that it may be an under-estimate, but it is very difficult to come to very precise figures on items of an invisible nature.

[Shri Yeshwantrao Chavan]

Therefore, what I was trying to say is that this attempt that we are trying to make is about a matter which is very complex in its very nature, and therefore, we certainly have come forward, according to me, with quite radical provisions. But even then, somebody can point out some of the imperfections and some of the defects in them, as indeed some Members such as my hon. friends Shri Madhu Limaye, Shri Indrajit Gupta, Shri Jyotirmoy Bosu, and other friends on this side such as Shri Ravi and Shri Naik have done. It is quite possible that they will have to be considered in future, but I can only say that this is our major thrust in this matter because this question has to be taken both ways; certainly there will have to be certain legislative measures or legislative provisions which I think we have tried to include in this Bill. But it is very difficult to fit in this whole operation in a legislative form. This was what we were worried about or were thinking about. Therefore, we thought it much better that we will have to restrict or influence or control these operations also by another method, of giving certain guidelines to the Reserve Bank who certainly have lots of discretion in this matter.

I can very well understand the reservation and fear that my hon. friend Shri Madhu Limaye mentioned, namely, about giving discretionary powers to anybody, whether he is an officer or a Minister or a Member of Parliament. Discretionary power is always very difficult to entrust to somebody with the fullest confidence. I quite understand that and I have no dispute with that basic proposition. But in a law which has to be applied to the day-to-day operations of a very complex economic activity, it is very difficult to say that there will be no scope for using any discretion. We just cannot make it an automatic machine. Therefore, there will have to be some sort of discretion, but cer-

tainly there will have to be sufficient care taken on this matter that the discretion is properly used, and discretion is used according to certain principles and certain policies. Therefore the Government has an idea of formulating certain guidelines, not at the Minister's level or officer's level or at the Ministry's level but at the Cabinet level. The hon. Member Shri Limaye said that Parliament should have a look at them. When they are formulated there would be no hesitation or objection of putting them on the Table of the House.

श्री मधु लिमये : आप ने कहा कि विवेकपूर्ण अधिकार तो कुछ देने पड़ेंगे । क्या आप इस बात का स्पष्टीकरण करेंगे कि कम से कम जो कन्ज्यूमर इंडस्ट्री है उस में तो आप उन को कंपनीज ऐक्ट के अंदर रजिस्टर करवाएंगे बाकी के बारे में विकास की दृष्टि से और देश हित की दृष्टि से अगर आप कुछ अपने पास अधिकार रखना चाहते हैं तो वह हम समझ सकते हैं लेकिन कन्ज्यूमर इंडस्ट्री के बारे में तो रजिस्टर करवाइए ।

SHRI YESHWANTRAO CHAVAN: I have noted that point; remember the brief but controversial discussion to which you made a reference. The difficulty is this. Consumer industries—is a vague term. I pointed out to him that there were certain type of consumer industries which were, really speaking, consumer industries. But in the field of electronics also there are certain consumer commodities.

श्री मधु लिमये : दूसरा शब्द नान-प्रायरिटी इंडस्ट्री रखिये । . . (व्यवधान) . . इस के लिये फारमुलेशन बन सकता है ।

SHRI YESHWANTRAO CHAVAN: Certainly these formulations can be made. He also accepts that in certain fields we need technical collaboration. For some time to come, I cannot say for all times to come, it is necessary to have this sort of collaboration.

Export trade, for example, will need such help and collaboration but it should be used only for export purposes. Therefore, in respect of the distinction between manufacturing activity and trading activity, I think we will have to take a much stricter control—I will not say total control—over trading activities; it will have to be a little more definite formulation also. That principle was agreed to in the Bill itself but we wanted to do it by way of guidelines. When Mr. Limaye tabled that amendment, I thought there was some point in it and therefore I accepted it with a little modification. In his speech he mentioned some of the activities and pointed out that because of those activities the amendment became necessary. I agree with him. Some of the detailed trading activities he mentioned certainly tend to misuse the present position and therefore his amendment is welcome and I must say that the amendment has made a definite improvement in the Bill itself.

Hon. Members raised certain specific points; they wanted me to give information about some individual concerns. It is difficult for me to go into details at this stage, I have not got all the information at this stage. I never know that some of these companies were going to be mentioned this way. I also know that some of the points raised were already subject matter of many starred and unstarred questions. Information had been given in the case of Coca Cola—Even in regard to National and Grindlays, the pet subject of Shri Jyotirmoy Bosu, we had given answers to some questions. He has written to me some letters and I propose to reply to him... (*Interruptions*) I can understand if it is a subject matter; I do not understand one's obsession with one particular company.

Mr. Limaye and Mr. Ravi mentioned that we are trying to evade information. When we say that information is not readily available, it does

not mean that information is not with the Government. It was difficult to get certain information properly compiled. When we give information on the floor of the House, it has certainly got a certain authenticity. Getting statistical data compiled in time is always difficult.

श्री मन्त्र लिमये बाद में दीजिए,  
अगले सत्र में रखिए।

SHRI YESHWANTRAO CHAVAN: If you ask again, there will be no unwillingness on the part of Government to give information. When we say it is not readily available, it does not mean that it is not available.

SHRI P. G. MAVALANKAR: Information is given in a delightfully vague style.

SHRI YESHWANTRAO CHAVAN: Mr. Limaye mentioned about the drain on the country. When a question is asked, it is expected that a specific information is sought. Therefore, we have to interpret the question as to what information you want.

श्री मन्त्र लिमये : इस के ऊपर मैं क्लाज पर बोलूंगा। अभी समय नहीं लेना चाहता। आप के अक्सर अच्छी तरह समझते हैं।

SHRI YESHWANTRAO CHAVAN: As Mr. Indrajit Gupta rightly said, the real corpus of the Bill lies in sections 26, 27, 28 and 29. The success of this Bill will be tested by the working of these sections in actual practice. I accept that position. We will also see how these sections actually work in practice. If they do not give us the results that we expect, possibly we have to give another consideration to this Bill.

Mr. Jyotirmoy Bosu alleged that foreign companies are producing in excess of their licensed capacity and in fields other than those for which they are licensed. I think with the introduction of the revised industrial policy in February, 1970, all Foreign

[Shri Yeshwantrao Chavan]

majority companies are required to obtain a licence for entering into new business or diversification or manufacture of new items in respect of industries covered by the Industries (Development and Regulation) Act. Therefore, after the introduction of this new policy, it is not possible for such a company to diversify in respect of any scheduled industry unless they are authorised to do it.

Mr. Bosu and Mr. Somnath Chatterjee have said that this Bill is not applicable to foreign banks. As far as the foreign exchange regulation part of it is concerned, this Bill is applicable to foreign banks also. Of course it is not applicable as it is applicable to other foreign companies, but as far as foreign exchange operations of foreign banks are concerned, this Act is applicable to them. Some members have got some idea as if the foreign banks in this country are practically carrying on the entire foreign exchange operations in this country. It is not a fact. I would like to mention that the nationalised banks and their subsidiaries between themselves did nearly 69.2 per cent of the total foreign exchange transactions.

SHRI MADHU LIMAYE: I am glad to know that. इसका संदर्भ यह था कि चार साल पहले जब विधेयक आया था, तब प्रधान मंत्री जी ने कहा था कि सस्स्टेन्शल फौरन एक्सचेंज ट्रॉजिकमन्ज विदेशी बैंक कर रहे हैं। अगर स्थिति बदली है तो इसका मतलब है कि

You are preparing a case for take over.

SHRI YESHWANTRAO CHAVAN: When we come to that subject, certainly we will find arguments for each other. My main point is that the foreign banks are doing not more than 30 per cent of the foreign exchange business. I thought this is rather significant information which the House should have.

I would like to answer one point raised by Jyotirmoy Bosu. He referred to the alleged malpractices, including evasion of income-tax, by one of the foreign banks functioning in India. In this regard I have stated in reply to an unstarred question in the Lok Sabha on the 17th of this month that these are being looked into by the Reserve Bank and the Income-tax Department and that they would complete the investigation as early as possible.

Shri Jyotirmoy Bosu, if I may use that expression, reeled off various figures in regard to the functioning of the Enforcement Directorate and the alleged leakage of foreign exchange resulting from malpractices and the success are otherwise of the Department of Customs. I do not want to enter into a debate in this regard. But I would like to take one particular item just to show how some of the statistics can be misleading. In relation to a foreign bank working in India Shri Bosu had said that in capital, not share capital, was only Rs. 1.72 crores as against the deposits of Rs. 291 crores. When he mentioned this figure it looked rather very strange to me and that is why I went into it. I may say here that he raised this point when this question was discussed in the Joint Committee. It is not as if he is raising it for the first time. When the whole question was discussed in the Joint Committee he referred to it. The Reserve Bank in its reply to the Joint Committee clarified that this capital represents only the statutory deposit which the foreign banks are required to maintain with the Reserve Bank. The foreign banks operating in India have to deploy foreign funds in Indian business to an extent of not less than 3.5 per cent of their deposits as reported to the Reserve Bank under section 2 of the Bank Regulation Act. Their own funds employed by this foreign bank, to which he made a reference, on this basis amounted to Rs. 9.90 crores in 1970. Shri Ravi may again say that those are old figures. But these

are the authorised verified figures which take some time, it is not as if the latest figures are not available.

As far as the use of trade mark is concerned, Shri Limaye has made a detailed mention of it. As we accept his amendment, I think we need not go into it.

Shri Bosu had referred to the need for restriction on employment of foreign nationals. Under section 30 the permission of the Reserve Bank would be required before a foreign national can take up employment in India and in any case, where such a person desires to remit money out of India out of the income earned by him here.

Shri Indrajit Gupta referred to the delegation of power by the Reserve Bank of India under clause 74 of the Bill. Even at present the Reserve Bank has delegated some of the power to authorised dealers and clause 74 has been introduced only to give legal backing to the existing practice. I may also be allowed to point out that some delegation is necessary for the smooth functioning of the exchange control. There is no intention to extend the scope of the existing delegation.

Shri Gupta had made another suggestion, which should not go unmentioned, in relation to the exports, that the bill of lading should also be submitted to the Reserve Bank. At present three copies of the prescribed declaration form in relation to export, commonly known as GRI form, containing full particulars regarding the export, including the value of items, are furnished to the customs authorities along with the shipping documents. The Customs authorities verify the value and certify in all the three copies of the G.R.I. form the original of which is forwarded by them to the Reserve Bank. On this basis, the inward remittances are watched by the Reserve Bank. It will be seen that the function of checking

the value of goods exported is done by the Customs authorities. Therefore, there is no change of procedure called for in this regard. I may also add that there will be no contracts for sale in the case of goods exported on consignment basis.

Some hon. Members had made a very useful suggestion in regard to exercising control on joint ventures. I think, either Mr. Kulkarni or somebody else from the other side made a mention of it. I would like to tell the House that a very detailed provision, namely, clause 27 has been introduced for this very purpose. I would just merely say that Indian participation in joint ventures, generally, takes the form of supply of technical know-how and machinery and other capital goods. Clause 28 will enable us to obtain full information regarding their working and ensuring repatriation of dividends, etc.

I would like to make one thing clear. Otherwise, it will be very unfair to the officer concerned. Shri Jyotirmoy Bosu made a mention of a son of one of the Finance Secretaries who is an employee of the National Grindlays Bank. I would like to say, yes, one of the Secretaries' son is serving in the National Grindlays' Bank. But he was employed there long before the Secretary came to the Finance Ministry. That was done in 1967. He has done so on the basis of permission that he took from the Government in 1967. The way it was made a reference to it, I thought it was very unfair to the officer concerned. He is an officer of the highest integrity. Any aspersion that is cast on him will be very unfair. So, I thought that the officer is not here to vindicate himself and it is my duty to put the facts before the House.

I think, I have replied to some of the points made by Shri Madhu Limaye. He made a mention of certain facts about Coca Cola. He raised a point about users' licence or ad hoc licence. He made certain

points. At this moment, I have no information. These matters are normally dealt in the Commerce Ministry. At the present moment, I have no information.

**श्री मधु लिमये :** इस में आप का सम्बन्ध आता है, व्यापार मंत्रालय का आता है, उद्योग मंत्रालय का आता है। हम को आप मंत्रालयों के बीच घुमाते रहते हैं, इस का जवाब आना चाहिये।

**श्री यशवन्त राव चव्हाण :** जवाब तो आप को मिला, उससे हर्ज नहीं है। लेकिन ऐसे वक्त उठाया है, कि मेरे पास उस की इत्तिला नहीं है।

I would like to say that the present Bill is definitely a move forward, a very definite step, in the direction of saving the country from large outflow and leakages and dependence on other countries. I think, when we are ready to take a further step, an important step, this House will certainly welcome it.

**SHRI SOMNATH CHATTERJEE:** Sir, as the hon. Minister said, clauses 26, 28 and 29 are the most important clauses of this Bill which did not find a place in the existing Act. Now, these clauses expressly exclude banking companies from the operation of this Bill. When I pointed out that banking companies are being excluded, that is proved by the very clauses 26, 28 and 29. The hon. Minister says that the banks are covered by this. That is not probably the correct reading of the Bill.

**SHRI YESHWANTRAO CHAVAN:** I said that manufacturing companies and trading companies are included. What he says is right that clauses 26, 28 and 29 do not cover banking companies. There is no foreign exchange involved and, therefore, it is not necessary to do it.

**MR. DEPUTY-SPEAKER:** The question is:

"That the Bill to consolidate and amend the law regulating certain payments, dealings in foreign exchange and securities, transactions indirectly affecting foreign exchange and the import and export of currency and bullion, for the conservation of the foreign exchange resources of the country and the proper utilisation thereof in the interests of the economic development of the country, as reported by the Joint Committee, be taken into consideration."

*The motion was adopted.*

**MR. DEPUTY-SPEAKER:** Now we take up clause-by-clause consideration.

I see that from Clause 2 to Clause 25 there are no amendments whatever given notice of by members.

**SHRI DINEN BHATTACHARYYA (Serampore):** What about our amendments?

**MR. DEPUTY-SPEAKER:** It cannot be done now.

**SHRI DINEN BHATTACHARYYA:** They are important.

**MR. DEPUTY-SPEAKER:** I have also said with reference to Mr. Somnath Chatterjee, that they were important and, therefore, he should have submitted them in time.

For Clauses 2 to 25, there are no amendments. So, I will put them to the House.

The question is:

"That Clauses 2 to 25 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 to 25 were added to the Bill.*

**MR. DEPUTY-SPEAKER:** Clause 26. There are two amendments given

notice of by Shri Dinesh Chandra Goswami. He is not here. Shri Vayalar Ravi. Are you moving?

SHRI VAYALAR RAVI: If the Finance Minister gives clarification.....

MR. DEPUTY-SPEAKER: At this stage you can only say whether you are moving or are not moving.

SHRI VAYALAR RAVI: I am not moving, Sir.

MR. DEPUTY-SPEAKER: Mr. Shyam Sunder Mohapatra. He is also not here.

I will now put this Clause to the House.

The question is:

"That Clause 26 stand part of the Bill."

*The motion was adopted.*

*Clause 27 was added to the Bill.*

MR. DEPUTY-SPEAKER: Clause 27. There is no amendment. The question is:

"That clause 27 stand part of the Bill."

*The motion was adopted.*

CLAUSE 28—(Restrictions on the appointment of certain persons and companies as agents or technical or management advisers in India.

MR. DEPUTY-SPEAKER: Clause 28. There are a number of amendments here. Mr. Dinesh Chandra Goswami. He is not here. Mr. Vayalar Ravi.

SHRI VAYALAR RAVI: I am not moving, Sir.

MR. DEPUTY-SPEAKER: Mr. Madhu Limaye.

श्री मधु लिमये : वित्त मंत्री ने मान लिया है इसलिए मैं वापिस नेता हूँ ।

MR. DEPUTY-SPEAKER: At this stage I am concerned with moving. You can only say whether you are moving or are not moving.

श्री मधु लिमये : मैं पेश कर रहा हूँ ।

Page 22,—

for lines 40 to 44, substitute—  
"Bank—

(a) act, or accept appointment, as agent in India of any person or company, in the trading or commercial transaction of such person or company; or

(b) act, or accept appointment, as technical or management adviser in India of any person or company;

(c) permit any person or company to use its trade-marks or trade names for a consideration, directly or indirectly." (4)

MR. DEPUTY-SPEAKER: Mr. Shyam Sunder Mohapatra. He is not here.

There are some amendments given notice of by the Minister. Is he moving them?

SHRI YESHWANTRAO CHAVAN: Yes. I am moving them.

I beg to move:

Page 22,—

for lines 40 to 44, substitute—  
"Bank,—

(a) act, or accept appointment, as agent in India of any person or company, in the trading or commercial transactions of such person or company; or

(b) act, or accept appointment, as technical or management adviser in India of any person or company; or



(c) permit any trade mark, which he or it is entitled to use, to be used by any person or company for any direct or indirect consideration." (8)

Page 22,—

for lines 47 and 48, *substitute*—

" , or technical or management adviser, or permits the use of any such trade mark, without the permission of the Reserve Bank, such acting, appointment or permission, as the case may be, shall be void." (9)

Page 22, line 52—

after "at the commencement of this Act,"

insert—

"or where a permission for the use of any such trade mark granted by such person or company (including its branch) continues to be valid at such commencement,"

Page 23, line 5,—

after "as such" *insert*—

"or, as the case may be, to continue to permit the use of any such trade mark." (11).

Page 23, line 14,—

for "or appointment" *substitute*—  
" , appointment or permission, as the case may be," (12).

I would like to make some correction in Amendment No. 13. There is some typing mistake. For 'or appointment' the word 'or' has been dropped out. So the word 'or' has to be added before the word 'appointment'....

SHRI SOMNATH CHATTERJEE: Notice should have been given earlier....

MR. DEPUTY-SPEAKER: It is a patent error. It can be taken notice of.

SHRI YESHWANTRAO CHAVAN I beg to move:

Page 23, line 21,—

for "or appointment" *substitute*—

" 'or appointment or, as the case may be, from permitting the use of any such trade mark' (13).

Page 23, line 29,—

for "or appointment" *substitute*—  
" , appointment or permission, as the case may be," (14).

MR. DEPUTY-SPEAKER: Mr. Madhu Limaye. If you want, you can speak.

श्री मधु लिमये : इस पर मुझे बोलना नहीं है ।

MR. DEPUTY-SPEAKER: I will first put the amendment of Mr. Madhu Limaye....

श्री मधु लिमये : आप पहले वित्त मंत्री के संशोधन को रखें, तो मेरे संशोधन को रखने की जरूरत नहीं है ।

MR. DEPUTY-SPEAKER: Can I put all the amendments of the Minister together?

SHRI YESHWANTRAO CHAVAN: Yes.

MR. DEPUTY-SPEAKER: Now, I will put amendments 8, 9, 10, 11, 12, 13 and 14 to clause 28, moved by Shri Chavan to the vote of the House.

Now, the question is:

Page 22,

for lines 40 to 44, substitute—

“Bank,—

(a) act, or accept appointment, as agent in India of any person or company, in the trading or commercial transactions of such person or company; or

(b) act, or accept appointment, as technical or management adviser in India of any person or company; or

(c) permit any trade mark, which he or it is entitled to use, to be used by any person or company for any direct or indirect consideration.”  
(8)

Page 22,—

for lines 47 and 48, substitute—

“, or technical or management adviser, or permits the use of any such trade mark, without the permission of the Reserve Bank, such acting, appointment or permission, as the case may be, shall be void.”  
(9)

Page 22, line 52,—

after “at the commencement of this Act,”

insert—

“or where a permission for the use of any such trade mark granted by such person or company (including its branch) continues to be valid at such commencement.”  
(10)

Page 23, line 5,—

after “as such” insert—

“or, as the case may be, to continue to permit the use of any such trade mark” (11)

Page 23, line 14,—

for “or appointment” substitute—

“, appointment or permission, as the case may be,” (12)

Page 23, line 21,—

for “or appointment” substitute—

“, or appointment or, as the case may be, from permitting the use of any such trade mark” (13)

Page 23, line 29,—

for “or appointment” substitute—

“, appointment or permission, as the case may be,” (14).

The motion was adopted.

MR. DEPUTY-SPEAKER: Mr. Madhu Limaye, do you withdraw your amendment?

श्री मधु लिमये: मैं प्रती संशय वापिस ले रहा हूँ।

MR. DEPUTY-SPEAKER: Does he have the permission of the House to withdraw his amendment?

Amendment No. 4 was, by leave, then withdrawn.

MR. DEPUTY SPEAKER: The question is:

“That Clause 28, as amended, stand part of the Bill.”

The motion was adopted.

Clause 28, as amended, was added to the Bill.

Clause 29—(Restrictions on establishment of place of business in India).

SHRI MADHU LIMAYE: Sir, I beg to move:

Page 26,—

After line 6, insert—

“(5) Notwithstanding anything contained herein above, after a period of two years from the date of the commencement of this amending Act, a company which is not incorporated under any law in force in India or any Branch of such company shall not carry on in India or establish in India a Branch or Office or other place of

[Shri Madhu Limaye]

business to carry on activity of industrial nature except on condition that the said activity is undertaken through a company incorporated in India." (5).

अध्यक्ष महोदय, इस संशोधन को स्वीकार करना इसलिए जरूरी है कि इसके बिना विदेशी कम्पनियों पर प्रभावशाली ढंग से हम लोग नियन्त्रण नहीं रख पायेंगे। मैंने वित्त मंत्री से कहा कि कोई ऐसी परिभाषा कीजिए जिसको सदन स्वीकार करे। मैंने कहा कज्यूमर इण्डस्ट्री को मानिये, उसके लिए वे तैयार नहीं हैं। नान प्रापर्टी इण्डस्ट्री तक सीमित रखें, उसके लिए भी तैयार नहीं हैं। ऐसी हालत में मैं अपने संशोधन को वापिस नहीं ले सकता हूँ और इसके समर्थन में मैं कुछ बात रखना चाहता हूँ। अपने भाषण में मैंने एक प्रश्न का उल्लेख किया था और मैंने कहा कि प्रश्नों का ठीक जवाब नहीं मिलता है। मेरा प्रश्न यह था :

"Whether Government considered that these exports in terms of physical resources plus the funds repatriated to the tune of 80 per cent constitute a drain on the country?"

15.48 hrs.

[DR. SARADISH ROY in the Chair]

तो ड्रेन आन दि कन्ट्री और ड्रेन आन फोरने ऐक्सचेंज रिसोर्स में बहुत फर्क है। मैंने ड्रेन के बारे में पूछा है और पूछने का कारण है क्योंकि ड्रेन में दो बात आती है—विदेशी मुद्रा का बाहर जाना भी आता है और जो फिजिकल रिसोर्स है उनका बाहर जाना भी आता है। जब आप 80 परसेंट की बात करते हैं, कोका कोला के बारे में तो जहाँ हमारे फिजिकल रिसोर्स बाहर जा रहे हैं उसकी आप चर्चा ही नहीं करना चाहते हैं। कोका कोला कम्पनी निर्यात करती है लेकिन किन चीजों का? इन्होंने मेरे प्रश्न के उत्तर में एक तालिका दी है उससे आपको पता चलेगा कि—

Non-alcoholic Beverage bases (Coca-Cola concentrate and citrus and fruit beverage bases)

इसके तौर पर 3 करोड़ 84 लाख निर्यात के आंकड़े दिए गए हैं। एडिविल बेजिटेबिल गम 1 करोड़ तीन लाख—कोका कोला का इससे क्या सम्बन्ध है मेरी समझ में नहीं आता, मैंगो पल्प 4 लाख, कैश्यू नट्स 11 लाख, चाय 6 लाख 71 हजार, छात्री 11 लाख 48 हजार और चिबड़ा या बिड़वा 27 हजार।

अब यह जो सारी चीजें हैं इनका निर्यात आप होने देते हैं। इसलिए मैं कहता हूँ कि यह जो फिजिकल रिसोर्स हमारे देश से वहाँ जा रहे हैं। एडिविल बेजिटेबिल गम, मैंगो पल्प, कैश्यू नट्स वगैरह जो जा रहा है उससे एक तो नुकसान यह होगा कि हमारा माल यहाँ से चला गया। फिर इसके अतिरिक्त आप 80 प्रतिशत विदेशी मुद्रा बाहर भेजने की इजाजत भी देते हैं। इस तरह से हमारा डवल घाटा हो रहा है, हमारा माल भी जा रहा है और हमारी विदेशी मुद्रा भी जा रही है। तो इन दोनों बातों का विचार करके आपको अपनी नीति को निर्धारित करना चाहिए। इसलिये मैंने कहा कि ड्रेन आन इंडिया एण्ड ड्रेन आफ फ़ोरेन ऐक्सचेंज रिसोर्स में यह फर्क है। आपके अफसर इसको अच्छी तरह से समझते थे लेकिन उन्होंने जान बूझ कर सदन को कन्फ्यूज करने के लिए ऐसा किया। ऐसा कोई भाषा ही नहीं है कि इसमें जिसको लोग न समझ सकें। सभापति जी, मैं क्यों चाहता हूँ कि विदेशी कम्पनियाँ रजिस्टर्ड हों? इधर जो मेरे प्रश्न के उत्तर में इन्होंने दूसरा स्टेटमेंट दिया, स्टेटमेंट नम्बर 1 और अभी जो स्टेटमेंट नम्बर दो पढ़ा इसमें देखेंगे कि बहुत सी विदेशी कम्पनियाँ अब हर्ट आफ़िस ऐक्सपेंसेज के नाम पर, रीजनल आफ़िस भी, चाहे वह इटली में हो, हॉलैंड हो या लन्डन हो, जहाँ टैक्स कम बैठेगा उनके नाम पर भेजती हैं, और हर्ट आफ़िस ऐक्सपेंसेज

भी जा रहे हैं। इसलिये अगर इस तालिका का स्वयं अध्ययन करेंगे तो उनको पता चलेगा कि इसका टैक्स से कोई सम्बन्ध नहीं है, यह खर्चों के नाम पर जाता है। इसलिये इस की रकम अगर बढ़ेगी, इसकी संख्या जब बढ़ेगी तो वह पूरे देश का नुकसान होगा। उस पर आपको टैक्स भी नहीं मिलने वाला है। इसलिये हड़ आफ्रिस एक्सपेंसेज को कंट्रोल करने के लिए, जैसा कहा कि इनका विस्तार हो रहा है आपने नई लाइसेंस पालिसी का हवाला दिया कि सब्सटेंशियल एक्सपेंसेज अगर करना है तो नया लाइसेंस लेना चाहिये। इस सरकार के ध्यान में कई उदाहरण हमने लाये कि जिनमें सब्सटेंशियल एक्सपेंसेज हुआ है। लेकिन नये लाइसेंस के लिये कोई प्रार्थना-पत्र नहीं दिया गया। आप ही नीति की घोषणा करते हैं और उसके विपरीत सारे काम होते हैं। इसलिये डिस्क्रिशनरी पावर देने के पक्ष में हम नहीं हैं। इसका कारण यह है कि आप जो घोषणाएँ करते हैं उनके विपरीत अफसर काम करते हैं, इसलिये स्टेट्यूट में, कानून ही में व्यवस्था की जरूरत हो जाती है।

सभापति जी, कम्पनियों के साथ हम जो करार करते हैं उसके हक में माननीय चव्हाण जी ने कुछ कहा। अब यह मैं मानने के लिये तैयार हूँ कि आवश्यक क्षेत्रों में नई टेक्नोलाजी लाने के लिये अगर हम लोग इस तरह का काम करते हैं तो कोई बुरी बात नहीं है। हमारे कम्युनिस्ट मित्र भी इस बात को जानते हैं कि रूस इधर पश्चिमी यूरोप के देशों से, जापान से और अमरीका से नई टेक्नोलाजी लाने के लिए नये नये करार कर रहा है। तो सिद्धान्ततः मतभेद नहीं हो सकता है। लेकिन सवाल यह है कि फ़ॉरेन कौन्सेलरेशन एग्नीमेंट क्या वास्तव में भारत के आर्थिक विकास का और वैज्ञानिक तरक्की का साधन है? या विदेशी मुद्रा

की चोरी का और विदेशों में फ़ॉरेन बैंक अकाउन्ट्स खोलने का साधन है? और इसलिये मैं स्टेट बैंक आफ इंडिया का जो मन्थली रिव्यू आता है उस के एप्रैल नम्बर की ओर मंत्री महोदय का ध्यान दिलाना चाहता हूँ। इसमें लेखक ने फ़ॉरेन कौन्सेलरेशन एग्नीमेंट पर एक लम्बा चर्चा लिखा है—फ़ॉरेन कौन्सेलरेशन एंड ज्वाइंट बैंकिंग—इस में वह कहते हैं कि 1957 के बाद 4,000 फ़ॉरेन कौन्सेलरेशन एग्नीमेंट हुए हैं। उसमें से इनका कहना है कि 1962 और 1966 के बीच में 289 हर साल होते थे और उसके बाद 1967 और 1971 के बीच में हर साल 175 एग्नीमेंट होते रहे। आगे वह अपने विश्लेषण में कहते हैं कि :

The largest number of collaboration agreements have come from the parties from the United Kingdom.

अब इसके बारे में भी मुझे कुछ कहना है। यूनाइटेड किंगडम के बारे में कौन नहीं जानता है, कि औद्योगिक क्षेत्र में, सभी उद्योगों में आज इंग्लैंड आगे नहीं है। लेकिन चूँकि इंग्लैंड से आपका पुराना रिश्ता है इसलिये पिटीपिटार्ड परम्परा के आधार पर हमारा झुकाव ब्रिटेन की ही तरफ़ होता है। इसके बारे में भी क्या नये ढंग से मंत्री महोदय सोचने के लिये तैयार हैं, आर्थिक नीति के बारे में, कौन्सेलरेशन के बारे में? पश्चिमी यूरोप में, अमरीका में, जापान में बड़ा परिवर्तन आ रहा है तो जो देश जिन टेक्नोलाजी में सब से आगे है, पूर्वग्रह छोड़ कर, प्रिजुडिस छोड़ कर, आप को उस की टेक्नोलाजी को को लेना चाहिये। लेकिन मैं कहना चाहता हूँ कि हमारे जो भूतपूर्व प्रधान मंत्री थे, उनका जो दिमाग बना हुआ था, उस के चलते जर्मनी और जापान के बारे में बड़ा प्रिजुडिस रहा और इसका नीचे तक असर रहा। मैं केवल वैज्ञानिक और आर्थिक विकास की दृष्टि से यह बात कह रहा हूँ कि सब से अच्छी टेक्नोलाजी जहाँ है उस को लाने के बजाए

[ श्री मधु लिमये ]

जो पिटी पिटायी, जो परम्परागत नीति चली आ रही है, उसके चलते यह सारे ऐग्रीमेंट होते हैं। इसलिये ब्रिटेन का असर हम पर रहा। हालांकि उनकी टेक्नोलाजी सभी क्षेत्रों में अच्छी नहीं है, फिर भी हम लोग उनकी टेक्नोलाजी को ज्यादा लेते रहे।

SHRI PILOO MODY: The worst offender is the Soviet Union.

**श्री मधु लिमये :** सोवियट यूनियन के बारे में मैंने कह दिया कि अब तो वह भी जापान और अमरीका से टेक्नोलाजी ला रहे हैं। अगर रूस के पास हो या और लोगों के पास हो तो हमें लेना चाहिए। लेकिन चूँकि भारत और ब्रिटेन का पुराना आर्थिक, राजनीतिक रिश्ता रहा है इसलिये अंधे और गुलाम बन कर हम उन का अनुसरण न करें, यह मेरे कहने का मतलब है।

साथ साथ मैं यह भी चाहता हूँ कि हर चीज में फ़ोरैन कोलेबोरेशन ऐग्रीमेंट की क्या जरूरत है? फिर कन्ज्यूमर और नौन-प्रायोरिटी इंडस्ट्री का सवाल आता है। चाँक्लेट बनाने के लिए, बिस्कुट बनाते हैं, आप ने करार स्वीकृत किये हैं, कोलेबोरेशन ऐग्रीमेंट इसलिये मैं कह रहा हूँ कि वित्त मंत्रालय का कोई आर्थिक नियंत्रण ही नहीं है हमारी आर्थिक नीति के ऊपर। अब फिर मंत्रालयों के पुनर्रचना की बात आयेगी। कोई मिनिस्ट्री आफ़ इकोनामिक ऐफ़ेयर्स ही नहीं है हमारे यहां। आप का डिपार्टमेंट है, लेकिन मेरे मन में जो मिनिस्ट्री आफ़ इकोनामिक ऐफ़ेयर्स की कल्पना है, उस के अनुसार आप का डिपार्टमेंट नहीं है। आप को इन सारी चीजों पर निगरानी रखनी चाहिए। और इसलिए कन्ज्यूमर इंडस्ट्री में आप जो लगातार फ़ोरैन कोलेबोरेशन की अनुमति दे रहे हैं, उसकी इजाजत नहीं देनी चाहिए। विदेशी मुद्रा की चोरी का वह एक रास्ता है।

इसी तरह से डाइवर्सिफ़िकेशन, कम्पनियों के बिस्तार के बारे में। जब तक कम्पनी

कानून के तहत इन कम्पनियों को आप नहीं लायेंगे, इनकी शाखाओं को नहीं लायेंगे, तब तक यह काम होने वाला नहीं है। इसलिये मैं मंत्री महोदय से प्रार्थना करता हूँ कि जिस तरह से ब्रान्ड नेम के बारे में आप ने मेरे संशोधन को माना, उसी तरह इस संशोधन को भी स्वीकार करें। अगर उसमें यह थोड़ा-बहुत परिवर्तन करना चाहते हैं तो हम लोग उसको ट्रायल देने के लिये तैयार हैं। लेकिन वह इसके बारे में यह रख न अपनार्यें कि नहीं इसको मानना ही नहीं है। अगर तक आप को जंचता है और मुद्दा अच्छा है तो मंत्री महोदय को सोचना चाहिए। और यह तर्क करने की, एक दूसरे को समझाने की जगह है। तो इसके बारे में हठधर्मी अच्छी नहीं है। यही मैं कहना चाहता हूँ।

**श्री यशवन्तराव चव्हाण :** माननीय लिमये की दलील भी अच्छी थी, वह भी अच्छे हैं, लेकिन मैं मान नहीं सकता हूँ।

I do not say what all he said is not important. Some of the points which he made are really valid ones. I was trying to give, as much as I could, in my reply. I said that some of these things could be achieved through the guide-lines. Once we take a mandatory provision in the law, then according to him, if it is necessary to make an exception in the case of sophisticated technology, then there would be completely no manoeuvrability with the Government. That is why I say these things could be achieved through some guide-lines. That is exactly the reason why I said so. I do not say that the idea behind it or the principle behind it is not sufficient at all. That is not the line in which I am arguing.

16 hrs.

The other point that he had made requires a little more detailed reply. He said that in the case of foreign collaboration, we should not go by our own likes and dislikes. Unfortunately, he made reference to our

Prime Minister Pandit Jawaharlal Nehru. I do not think that Panditji allowed his prejudices in this particular matter. He was the man who possibly gave us the idea of having friendship with all the countries, always with an open mind. But it is not enough that somebody has got a high technology that we want and we can take it. It is also necessary that the party concerned must be willing to share his technology with us. The political attitudes, not on our side, but on the other side also sometimes become very much relevant in this matter. I can assure the hon. Member that we have absolutely no prejudice in this particular matter. Further, whoever is willing to give us the technology should be able to give it to us on terms favourable to us. So, much more important are the terms on which the technology is offered. If the terms are hard or are somewhat politically biased, it is very difficult to accept such collaboration. So, we have no particular prejudice in this matter. If Britain was helping us and more actively, certainly we accepted it; that was because they had some previous relationship in trade and commerce here and they had more contact in this country and they were prepared to take more risk, and, therefore they did that. Sometimes, some of the things were continuing here, and; therefore, more collaboration possibilities were there....

SHRI MADHU LIMAYE: I said that that was the decisive consideration.

SHRI YESHWANTRAO CHAVAN: That is not the decisive consideration. We are approaching other people in other countries also who may be interested in offering us the technology and we shall certainly encourage them also. But our main idea is not based on any partisan attitude or any likes or dislikes in this matter. When we want to go in for collaboration, it will be based on the merits of the technology, their

willingness to part with the technology or share that technology on terms which are favourable to us. I think these are the very relevant factors.

श्री मधु लिमये : जो चार हजार कॉल-वॉरेशन एम्प्लेमेंट्स हुए हैं उनका रिजर्व बैंक के सैल के द्वारा एनेलेसिस, विश्लेषण करा करके उसके निष्कर्ष क्या आप सदन के सामने रखेंगे ?

श्री यश्वन्तराव चव्हाण : पहले एनेलेसिस करके मैं खुद देखूंगा ।

MR. CHAIRMAN: I shall now put amendment No. 5 to clause 29, moved by Shri Limaye to the vote of the House.

*Amendment No. 5 was put and negatived.*

MR. CHAIRMAN: The question is:

"That clause 29 stand part of the Bill."

*The motion was adopted.*

*Clause 29 was added to the Bill. Clauses 30 to 80 were added to the Bill.*

Clause 81—(Repeal and saving)

SHRI YESHWANTRAO CHAVAN: I have got an amendment to this clause which seeks to correct a printer's mistake or printer's devil.

*Amendment made:*

Page 49, line 45, for 'section 23D' substitute 'section 23'. (1).

(Shri Yeshwantrao Chavan)

MR. CHAIRMAN: The question is:

"That clause 81, as amended, stand part of the Bill".

*The motion was adopted.*

*Clause 81, as amended, was added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI YESHWANTRAO CHAVAN:  
I beg to move:

"That the Bill, as amended, be passed".

MR. CHAIRMAN: Motion moved:

"That the Bill, as amended, be passed".

SHRI H. N. MUKERJEE (Calcutta-North-East): Mr. Chairman, Sir, I have noticed that on this occasion, the Finance Minister took on a somewhat defensive posture and he tried to win over support even where perhaps he was not too optimistic about it earlier. But even so, I have a feeling that this Bill is again an illustration of the Government's inability really and truly to make up its mind that it is going to do something really definitive about the reorganisation of the economic life of our country.

I have noticed, of course, that a few days ago, the Prime Minister chose to make a policy statement by way of replies to questions by a correspondent in perhaps the official journal of the Congress Party, and there she happened to say at one point of time answering a question relative to the absolute necessity of haste or of hurry, of going forward quickly that she thinks that we have to move millimetre by millimetre. This millimetre by millimetre approach, this crawling towards something at a point of time when a hell of a lot of things await being done seems to be the policy of the Government of this country. I have not noticed either in the course of the debate or specially in the Finance Minister's reply any serious approach to the question of tackling this problem of the leakage of foreign exchange which has been such a terrible disaster to the economy of our country. He told us that the government estimate of roughly Rs. 250 crores of rupees representing the average foreign exchange leakage might be on the low side; it might be a little more than that, but of course, one can't be sure. I expect that a Government which is serious

about its business should not take such a milk-and-water attitude towards this matter. It is not a question of making a cautious estimate of the leakage of foreign exchange; it is a question really of being alert to the fact of the leakage which is being testified to by a hundred things. When a journal of the prominence of *The Economic and Political Weekly* makes an estimate that it is Rs. 450—500 crores and when we know of smuggling of gold and other things which cost us perhaps Rs. 4,500 crores or more, then surely something is very wrong somewhere. Therefore, Government should not try to stand by a very cautious under-estimate of the leakage, but on the contrary, should tell the country that this is a very serious matter which is impinging most disastrously on our economy and Government is going to do something drastic about it.

But that is not the way of the Government. In 1968-69, the PAC Report came out. In that Report, there was reference to no case of over-invoicing of raw hides to the extent of 100 per cent. It was, as I said, in 1968-69 that the Report came out. Then of course, there were study teams and so on and so forth. Then last year, there was a Joint Committee appointed by Parliament to go into the matter and now, after long cogitation, this is the product. Now, an elephant takes a very long period of gestation, but after all, the elephantine way of doing things is not always conducive to what the country requires. There is no doubt about it that in this legislation there might be some provisions tightening up a few measures, but at the same time, generally speaking, it is not good enough. It is like a curate's egg, good in parts, but as a whole, I am sure, we cannot call it something which is satisfactory, and I think it is quite clear that unless the international financial dealings are nationalised, the basic evil can hardly be checked at all.

Now, the Finance Minister has said in the course of his reply that he has an impression—but I am not quite

sure if he is very positive—that the foreign commercial banks do fall inside the net of this statute, but I do not quite know. From a reading of the provisions it does seem to me that there are loopholes and the restrictions in regard to the foreign banks are more procedural than substantial and, therefore, the danger of these foreign financial agencies operating to the detriment of this country continues.

I can say, having myself gone abroad in a parliamentary delegation last year, how when we have to get our foreign exchange—of course, the State Bank of India supplies us with these travellers' cheques—the travellers' cheques are issued by the American Express. I am sure when Members of this House go to the Commonwealth Parliamentary Conference in London, they will have to take their foreign exchange for utilising abroad from foreign companies operating here. Now, these foreign banks which are operating here for the purposes of international trade as well as all money-changers in this country are very much in the picture, and there is no doubt that in so far as they are concerned, like the foreign banks which are out of the ambit of nationalisation, similarly these people are also getting out of it.

Then again, even though it might not be within the ambit of this particular legislation, Government should come forward with some very definite assurance as to what they are going to do in relation to the nature of foreign companies in this country. If Government is satisfied that the foreign companies can operate here very freely up to their possession of 40 per cent of the equity capital, then that is surely a very very disastrous state of affairs.

I have noticed that in the debate, the demand has been put forward that any company having 15 per cent or more equity participation by foreigners should be termed a "foreign-control-

led company", and we should have more foolproof safeguards in regard to such things as have come out openly now through technical collaboration and their lending to us of knowhow and on this question of royalties where these foreigners are taking away so much out of this country.

I have noticed in the course of the debate and also in the Joint Committee report suggestions have been thrown out that the royalties given to foreigners should on no account exceed five per cent of labour cost. It is something of an idea which can be worked out and Government should come forward to tell the country that this is a matter which is now being considered very seriously by Government and some measures are going to be adopted.

I noticed also, and it is very astonishing when I read the report of the proceedings before the Joint Committee when evidence was given by a high-ranking officer of Government that in answer to a question asked by the Members of this House, the then Chief Controller of Imports and Exports gave out that he knew nothing and he had no particulars at his disposal in regard to the question of under-invoicing and over-invoicing. He said, "I am very sorry I know nothing about it and the Finance Ministry might know some facts in regard to this matter." It is a restraint that the Chief Controller of Imports and Exports at that point of time showed; I am not concerned with the personality, who he was, or I do not know if he continues today, but in any case, I find from the evidence volumes that he did not even know what exactly it was because he did not know the facts in relation to under-invoicing and over-invoicing. He pleaded ignorance and he passed on the baby to the Finance Ministry. These are procedural fantasies which we have inherited in a chronically bureaucratic set-up and they continue



[Shri H. N. Mukerjee]

and they are given a lot of rope by the provisions that are here in this Bill.

I would like to refer to just one other matter to show how perverse is our way of dealing with matters when foreign exchange problems are concerned and the economic interests of our country are involved. In this House in the last session as well as in this session, there have been questions asked and answered in regard to the so-called transfer of the ownership of the Metro Cinema Co. from MGM, an American concern, to Tramarosa SA of Geneva, Switzerland. This transaction took place in Switzerland, and at first the Government came forward to tell the House openly by way of an answer to that question that the Reserve Bank of India's permission was necessary and, therefore, the transaction could not have taken place. Later, they discovered after consulting their legal luminaries that under the law as it is—a very perverse kind of law obviously—the Reserve Bank of India's permission is not necessary, because the Bill was between two non-residents in respect of shares in a non-resident company, the Foreign Exchange Regulation Act was not attracted. We are told in the House by the Minister of State for Finance and other Ministers who are responsible people that enquiries are being held into allegedly irregular purchases of these cinemas by certain Indian private parties acting on behalf of Tramarosa. Quite apart from the intricacies of high finance and the complications of foreign exchange, Indian nationals who work in these cinema houses in Calcutta and Bombay run by the foreign company, which has now passed into a peculiar state of suspended animation, discovered that a person supposed to have been authorised by a unknown board of directors in Switzerland is authorising another person to take charge of the administration of the cinemas in Calcutta and Bombay

and he is coming to dominate the scene and play ducks and drakes with the working conditions of the employees. I do not want to go into the details of this matter, but this is a peculiar example of how foreign interests can operate abroad and they can get Indian nationals to collaborate with them and by their satellite partners in the game bring about transfer of interests of the concerned operating in India and we find our Indian citizens are suffering on account of this.

The matter has gone so far that in the High Court of Calcutta, a statement was made quite openly in the presence of counsels as well as members of the public that a person about whom the Minister of State had made a statement that he was guilty of many economic offences and investigations were made about him, was almost a fugitive from justice, he had given the power of attorney to some persons to do some damage to the operation of the metro-film concern.

I refer to this only to show how the Government control either through the Finance Ministry or the department of Company Law affairs or the Ministry of Law and Social Justice or whatever else it is, that control is hardly there and we are unable to find out how foreign exchange leaks take place through these surreptitious transactions. We cannot draw into our country foreign exchange earned by the so-called Indians who make money in the United States and Canada and Western Europe and elsewhere. We know that people get money. They ought to have a little patriotic feeling. Some of them work and earn foreign exchange in plenty, but they do not bother to help their country by foreign exchange remittances, knowing very well the need of the country. We cannot draw foreign exchange from our own nationals abroad, because they are a peculiar breed and that is why they have become so unpopular in countries of Africa and elsewhere. We cannot even prevent the leakage

of foreign exchange, taking away of foreign exchange from our country by these foreign sharks, who operate in the manner that they do. The foreign sharks always operate with the assistance of their Indian satellites and that is why we find them going over and over again abroad and spending money abroad in a fashion which becomes astonishing. How the devil they get that much money abroad is something of a mystery which surely, if the Government of India is really minding its own business, can be found out. The Government is not bothered about it and this kind of thing would go on. The Prime Minister says that milli-metre by milli-metre we are advancing. I want the Government that this idea of milli-metre by milli-metre advance towards what you consider to be a variety of socialism is a fantasy. That is why when the Member says that it is an eye-wash or somebody thinks that this legislation is a sort of hoaxes and when they say that this kind of legislation is never intended, properly speaking, to lead at to a better kind of society, we should not dismiss that sort of thing; that is the argument which goes to the root of the matter. If this Government has any serious intention in regard to the anything like the welfare economy let alone socialism, then there should be much stricter and sterner control on such a thing as the leakage of foreign exchange and the misuse of foreign exchange in this country. From that angle this Bill, thought it has few good things no doubt is an egg which is good in parts, but is by no means edible; it is not palatable. It might do a little good, but it does not go as far as it should. That is why I am not at all happy about this legislation as it has come, at this stage.

श्री धनु सिन्धे (बांका) : मैं केवल

छः बातें रखना चाहता हूँ। (एक) उत्पादन शक्ति को बढ़ाने के पूर्व या नई चीजों के उत्पादन

का प्रारम्भ करने के पहले नया लाइसेंस लेना चाहिए, इस नीति का उल्लेख मंत्री जी ने किया। क्या वह घोषणा करेंगे कि इस पर कड़ाई से अमल किया जायेगा? इंडियन टोबैको कम्पनी ने अभी हाल में अपनी उत्पादन शक्ति को बढ़ाया लेकिन इनके खिलाफ कोई कार्रवाई कड़ाई में नहीं की गई। (दो) दुग्ध पेस्ट आदि कुछ चीजों की पैदावार लघु उद्योगों के लिए आरक्षित की गई है। क्या इस नीति पर अमल करने के लिए विदेशी कम्पनियों की जो शाखाएँ हैं, उनके गैर कानूनी विस्तार पर कोई रोक लगेगी और स्वयं सरकार जो चीजें खरीदती है, जैसे रक्षा मंत्रालय दुग्ध पेस्ट खरीदता है, अगर गुणवत्ता में लघु उद्योगों का माल अच्छा हो तो क्या आप रक्षा मंत्रालय और दूसरे मंत्रालयों को मनाह देंगे कि लघु उद्योगों के माल को प्रोत्साहन दिया जाय? तीसरा—चौकलेट, आइसक्रीम, विस्कुट, औरतों के कपड़े, मोपेड आदि जितनी चीजें भारतीय कम्पनियाँ बनाती हैं बिना विदेशी कम्पनियों के सहयोग के, क्या इस बारे में नीति की घोषणा वह करेंगे कि इन क्षेत्रों में विदेशी कम्पनियों के साथ सहयोग का जो करार है, उसको समाप्त कर दिया जायेगा? चौथा, विदेशी कम्पनियों में अफसरों की भरती के बारे में भारतीयकरण के मिडान्त को माना गया है। एक अर्थ से मैं इन सवाल को उठा रहा हूँ। इसमें तरक्की हुई है। क्या इस प्रक्रिया के बारे में कोई समयबद्ध कार्यक्रम आप रखेंगे? तरक्की हुई है लेकिन बहुत मंद गति में। पाँचवाँ—विदेशी पूँजी के भारतीयकरण की प्रक्रिया शुरू तो हो गई है, लेकिन उसके बारे में भी नियोजित ढंग से कोई फेज प्रोग्राम बना कर क्या इस नीति पर अमल किया जायेगा? छठा—आप ने नया सबूत पेश किया है कि राष्ट्रीयकृत बैंकों ने निर्यात व्यापार में और विदेशी मुद्रा कमाने में कितनी तरक्की की है चार साल में इसके आंकड़े, आप ने स्वयं दिये हैं, इसलिए जो चार साल पहले दनील दी गई थी, चार पाँच विदेशी बैंकों को छोड़ने के बारे में, उसके बारे में मेरे मित्र जोर से

[ श्री मधु लिमये ]

चिन्ताये कि यह डिसक्रिमिनेशन क्यों, विदेशी बैंकों को क्यों छोड़ रहे हैं... (व्यवधान) पीलू मोदी ने कहा था कि यह डिसक्रिमिनेशन क्यों ? अगर जवाब ही है तो उनको क्यों छोड़ रहे हैं ? तो देजी बैंकों को आपने लिया और अब यह भी आप ने माना कि विदेशी मुद्रा कमर्से में ये आगे बढ़े हैं । तो क्या चार पांच जो बड़े विदेशी बैंक हैं उनको भी आप नैशनलाइजेशन के तहत लायेंगे ?

ये मेरे छः सवाल हैं जिन का उत्तर मंत्री महोदय सफाई के साथ देंगे तो कारेन एक्सचेंज रेगुलेशन के विधेयक की पूरी गारंटी होगी ।

SHRI PILOO MODY (Godhra): Mr. Chairman, Sir, I entirely agree with the objectives of this Bill and that is why I, as an individual, and my party as a group, participated in the Joint Committee. I think that this country has lost a great deal as a result of the leakages of foreign exchange which have been taking place over the last so many years and which are increasing year by year, month by month, day by day. However, having studied the Bill and participated in the deliberations of the Committee, I have come to the conclusion that this Bill does not in any way meet the objectives set out by Government. In my contributions at the Committee I have stated this over and over again, and that is that if you wish to stop the leakage of foreign exchange, you would have it adopt other means than merely tightening the screws, increasing the regulations, proliferating the number of firms that one has to fill, increasing the number of check-posts and given mere discretionary power to the Government, to the Reserve Bank and to the various departments, because there is a simple economic lesson to be learnt not only for the Government but also for the bureaucracy that the mere difficult that you make it in order to do something, the higher the premium attracted.

If today rice has to be brought from Haryana to Delhi, a person selling it in Haryana will lead it by a truck which will come to Delhi, it will go to the mandi and it will be sold. The difference in price between Delhi and Haryana for rice will be the minimal. But if in the process you increase the number of controls, prohibitions rationing, zoning etc. the more provisions that you make the higher will be the differential of cost between the point of origin and the point of sale. It is a simple economic lesson that has to be learnt.

If I transfer this simile to the metaphor of political life of a Minister in this Government wants to be successful he will have to tell more lies, he will have to make more false statements and he will have to increase the quantum of hypocrisy that he displays in public life in order to survive politically. It is an immutable law of nature that applies to all. It does not recognise sex, caste, creed or colour. It is an immutable law of nature that the more difficult you make for a thing to happen the higher the premium it will attract.

This Bill make it very very difficult. It makes it difficult by putting more obstacles. The more obstacles that you put in the way, the higher will be the incentive for leakage foreign exchange out of the country. They say they want to conserve foreign exchange. Why do they want to conserve foreign exchange? Because, I assume, foreign exchange is a valuable commodity that is required for the development of this country. Therefore, the objective or goal is the development, and not because there is some leakage taking place. The leakage of foreign exchange, you you go to the Finance Minister's house you will find that there are many pipes that are leaking over there. Nobody cares to repair these pipes and they are allowed to leak unless he sees it sometimes and tells his Secretary in which case the leak will

be stopped. But the stoppage of the leakage would be necessary if he runs out of water which he runs out of water, the stoppage of the leak becomes very important. The purpose of stopping the leakage then is that water should be conserved. Why should the water be conserved? It should be conserved so that the Minister can clean himself. Therefore, the analogy is that it is for development that the prevention of leakage of foreign exchange is necessary.

Look at the size of this Bill. No intelligent person would waste five minutes reading it. Do you think that the ramifications of this Bill will spur development in this country or will it inhibit development in this country? That is the acid test by which this Bill succeeds or fails. I really cry when I hear some of the speeches of the hon. Members in this House, because I hear people say that if a foreigner invests money in India, we do not want it; if Indians invest money in foreign countries, we do not want it. If Indians stay abroad, they do not want it; if foreigners stay in India, they do not want it. This is a psychology of the iron curtain and the bamboo curtain that has descended over this House. No matter what happens, they do not want it.

I have not understood what they want. They do not want to work; they do not want to trade; they do not want to invest; they do not want to produce. They only want to eat. How long will they continue to do this? It is the mentality of a frog in the well or an ostrich with its neck in the sand. They do not want anything. They do not want fresh air that is outside to come and blow in this country nor they want to export any of the fresh air that exists in this country abroad.

I heard a very amusing thing just now by my revered colleague sitting in front of me. He says, when he goes abroad, he has to suffer the indignity of having to use the American

Express travellers' cheques. I would very much recommend that next time he goes abroad, he takes with him some Dena Bank travellers' cheques. I would then like to see his pitiable condition when he returns even half his existing size, weeping and crying, because nobody would accept his money. American Express travellers' cheques are accepted in 150 countries of the world, including the Mecca or all the countries, that is, the Soviet Union. But my hon. friend here is ashamed of carrying them. He thinks, if he carries something which has Mr. Chavan's signature on it, it will be more likely to be honoured, it will make him proud of it. I think, even Mr. Chavan knows that if he signs a chit and sends it abroad, the chit will return in its original condition.

Now, I say, in conclusion, the Bill, as it stands today, as it has been drafted, is the twisted mentality of a bureaucracy which has managed to turn the politicians into bureaucrats and the politicians who have succeeded in turning the bureaucrats into politicians. It is the most gobbled and twisted Bill which touches everything the wrong way about. It is like catching your nose from other side of your head. I cannot even reach it.

I can tell you one thing about all this business of over-invoicing, under-invoicing, head-office expenses, regional office expenses, brand names, foreign-owned domination companies, all these mal-practices that go on. There is no denying the fact that there are some mal-practices. But no one is near what is imagined by this House. There are some mal-practices. They should be checked and they should be intelligently checked. This Bill is not necessary to check these mal-practices. All of them could have been checked. The original sin was committed a long time ago when Shri T. T. Krishnamachari was given the original permission and, ever since then, it has continued to a point where today, they find, if a tooth-paste is manufactured here, unless it has a

[Shri Piloo Mody]

Sanskrit name, it will not brush the teeth. This is a sort of psychology that has developed.

Why don't we for a change export some of the technologies that we have in this country? We resist importing technology. I know, when we have spent millions of dollars importing and making Indian technology, for instance, how to manufacture broad steel plates for which technology now exist is India and it is an Indian technology—we sent 50 Engineers abroad, to Chicago, trained them; they are now a part of your establishment; they are Government servants—yet, when it comes to building a plate mill at Bokaro, what happens that our masters persuade us that there must be imported technology which they do not have, they buy their requirements from Italy and Spain and they have forced us to put a mill which will manufacture only narrow plates costing Rs. 350 crores instead of Rs. 250 crores at which we could have built it.

You talk about drainage of foreign exchange, leakage of foreign exchange. I do not think that these gentlemen are serious. Therefore, all I can suggest for your earning abroad is to earn your way all through this, export some of the technology in which we are pass masters, the technology in which we have prevailed as the greatest country in the world. Why does not this Government teach the other Governments all over the world how to become corrupt? I think, this is the technology in which they have become pass masters. Let them export this technology and earn foreign exchange instead of wasting our time going through such Bills at enormous costs which are not going to plug any leakage of foreign exchange.

SHRI YESHWANTRAO CHAVAN: Most of the speakers repeated some of the points made in the consideration stage. Therefore, I do not think

I need reply to many of the points except to say that hon. Member, Shri Madhu Limaye, has tried to sum up some of his suggestions for consideration of the House....

SHRI MADHU LIMAYE: This is the Third Reading.

SHRI YESHWANTRAO CHAVAN: I am describing what you did.

The only thing that I can say about his last suggestion regarding foreign banks is that our policy remains unchanged.

About the other suggestions, they would be kept in mind; this much I can say.

MR. CHAIRMAN: The question is:

"That the Bill, as amended, be passed."

*The motion was adopted.*

16.38 hrs.

# RESERVE BANK OF INDIA (AMENDMENT) BILL

MR. CHAIRMAN: Now we take up the next item, namely, the Reserve Bank of India (Amendment) Bill.

Shri Yeshwantrao Chavan.

THE MINISTER OF FINANCE  
(SHRI YESHWANTRAO CHAVAN):  
Sir, I move:

"That the Bill further to amend the Reserve Bank of India Act, 1934, be taken into consideration."

This short Bill seeks to empower the Reserve Bank of India to enter into arrangements for the clearing and settlement of transactions on account of the external trade of India, and for that purpose, to become, with the approval of the Central Government, member of international or regional clearing union of Central banks. The