

**MR. CHAIRMAN:** We will now take up clause by clause consideration.

There are no amendments. The question is:

"That Clauses 2, 3 and 1, the Enacting Formula and the Title stand part of the Bill."

*The motion was adopted.*

*Clauses 2, 3 and 1, the Enacting Formula and the Title were added to the Bill.*

**SHRI F. H. MOHSIN:** I beg to move:

"That the Bill be passed."

**MR. CHAIRMAN:** The question is:

"That the Bill be passed."

*The motion was adopted.*

17.10 hrs.

#### HALF-AN-HOUR DISCUSSION

#### MORATORIUM ON REMITTANCES OF PROFITS BY FOREIGN OWNED CIGARETTE COMPANIES

**MR. CHAIRMAN:** We will now take up Half-an-Hour Discussion. Shri Jyotirmoy Bosu.

**SHRI JYOTIRMOY BOSU** (Diamond Harbour): Sir, at no point of time, foreign plunder has been so great as it is today. The expansion of foreign monopoly and more and more foreign subjugation is taking place. Remittances are increasing by leaps and bounds through front-door and back-door. There is under-invoicing and over-invoicing. This is happening, because the Government Economic Affairs Department in the Ministry of Finance, the Reserve Bank and the Industrial Development Bank are practically hand-in-glove with them.

Sir, the worst example is the cigarette industry. More than 81 per cent is under the absolute control of foreigners, fully controlled by foreign sharks and their subsidiaries. Their arrogance has gone to such a limit that one Member of Parliament belonging to the other House mentioned to me that he was told at a meeting by the Chairman of Vazir Sultan Tobacco Company, a subsidiary of a British concern, that nobody on earth can stop their expansion programme. Then, this MP came back and started a signature campaign and he was threatened by the same people that he would not be allowed to go to Hyderabad.

The grand patronage to different influential people, the huge advertisements to the Press at our cost to benefit the people in power, the rich dividends to create influence and public opinion—this is what is happening. They did not even hide their arrogance and growth. The proportion of Indian and foreign investment not meaning control over marketing and production was shown in reply to starred question No. 411 dated 21st March, 1973. It says:

"The foreign and Indian investment of equity capital in the cigarette industry in the country is approximately Rs. 1623.94 lakhs and Rs. 862.26 lakhs respectively."

Then, they go on to assure us and sermonise and console us by saying that Government's policy is to encourage the production of cigarettes by Indian-owned firms to take care of the increased demand. They say that Government is also encouraging establishment of companies which are 100 per cent Indian-owned. I will come, Mr. Subramaniam, to the performance part of it in a very short time. This consolation is nothing but hulla-balloo. The giant of these foreign companies is the Indian Tobacco Company Limited. To hide their real face, they have dropped the word 'Imperial' and assumed 'Indian' in its place.—like the

British-owned textile mill which had assumed the name of Swadeshi Mill in Bombay during the British regime!

Socialism, self-reliance and surrender to foreign monopolists are contradictory to each other and cannot go together. I put some questions to Mr. Subramaniam. He is here. It is very kind of him. Original investment in foreign exchange by all the foreign cigarette companies in India which are branches or subsidiaries of foreign companies or which have more than 25 per cent foreign shareholding. The amount of capitalisation of profits, Goodwill and Trade Marks and other accounts; Remittances effected right from the inception of these companies up to date by way of Dividends and profits; remunerations, share of Area or Head Office expenses and other accounts etc. I can give the details to Mr. Subramaniam and he may be kind enough to give a detailed reply to this.

There is a daily rise in the repatriation of profits. I will read out what was said on the floor of the House by Mr. Momul Haque Choudhury, the predecessor of Mr. Subramaniam:

"that in 1967, 1968 and 1969 the Imperial Tobacco Company now known as the India Tobacco Company, remitted to Britain profits amounting to Rs. 106.12 lakhs, Rs. 117.60 lakhs and Rs. 138.30 lakhs respectively. Messrs. Vazir Sultan Company which had British and American connections, remitted Rs. 16.29 lakhs, Rs. 25.76 lakhs and Rs. 9.85 lakhs during 1967, 1968 and 1969 respectively.

Then, there is another reply to Unstarred Question No. 2293. The question is:

"Will the Minister of Industrial Development and Science and Technology be pleased to refer to the reply given to the

U.S.Q. No. 5701 on 10th May, 1972 regarding the profits repatriated by the Foreign Tobacco and Cigarette industries and state whether the information has since been collected; and if so, the outlines thereof".

The reply is:

M/s. India Tobacco Company Ltd.	1969—Rs. 138.29 lakhs
	1970—Rs. 143.61 lakhs
	1971—Rs. 146.05 lakhs
M/s. Vazir Sultan Tobacco Manufacturing Company.	1969—Rs. 19.70 lakhs
	1970—Rs. 22.16 lakhs

Every year, the repatriation of profits is going up by leaps and bounds. Yet, we have to hear about self-reliance, socialism and what not.

What did Mr. M. R. Krishna say in reply to the debate raised by me on 11-12-70? He had said, regarding repatriation of profits in three years' time, that there was repatriation of 3.5 crores. He had further said, "The quantum of repatriation of profits may be high today but it is our sincere effort to bring it down." What a wonderful assurance and how they have implemented it. This is all because of their expansion in production of their own and production through others. They are making use of Indian-owned factories and installations and getting their branded cigarettes made through them.

As regards their monopoly in marketing and procurement of raw materials, this is happening because they are operating through the loopholes of law that have been deliberately kept. The Economic Affairs Department, the Industrial Development Ministry and the Reserve Bank owe an apology to this House.

Let us look at the balance sheet of the Indian Tobacco Company for 1972. The value of international trade mark gives no benefit to the country, neither economical nor technical, in any respect. It is a plunder. This was

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included for consideration other than cash capitalised value. According to the balance-sheet of Indian Tobacco Co. for 1972, it says:

"Fixed Assets:

Trade Marks and Goodwill—  
Original Cost to 31st March,  
1971.

Rs. 4,90,34,487"

Then, the original cost to 31st March, 1972 is the same. The net Book Value at 31st March, 1972 is Rs. 4,90,34,487. It is nothing but a fraud. I ask Mr. Subramaniam: Is it not a fact that the Indian Tobacco Co. collects 14 per cent dividend on this? I have a note which shows that a parent company now collects 14 per cent on Rs. 4.9 crores, a staggering sum of Rs. 68.6 lakhs in foreign exchange in one year alone. It is a matter of deep shame and sorrow for all of us.

What did the Reserve Bank say? I had put some questions. I asked: How many international brand names are being used in India for which money has been allowed to be remitted—give detailed figures? The reply is:

"The present system of main-training statistical data does not indicate the total number of all the brand names of foreign Companies which are used in India or of the remittances made for the use of each one of them. Information is, however, available regarding the total remittances made towards "technical know-how" and "royalties".

Not about phoney capitalised value of international trade marks or brand names.

The second question is:

"Capitalisation of foreign trade marks have been permitted by the Government: the amount of money that has been re-

mitted on this account and if the Government will be putting an end to this."

The reply is:

"From the data presently maintained, it is not possible to say whether any shares have been permitted to be issued to non-resident companies specifically for the use of trade marks."

Don't they read the balance-sheet of this Company? I want to find it out. Unless they are so anxious to help the people, how can it be done? It is not a question of the Indian Tobacco Company alone. It is a question of also one of their sister concern, the Vazir Sultan Tobacco Co. I will not go into other companies, like, the India Foils, the Triveni Tissues, the Indian Leaf Tobacco Development Co., etc. etc.

17.17 hrs.

[SHRI S. A. KADER in the Chair]

Now, there are certain other things. Assets, gross value, production profit. The table says that in 1968 it was 4545 lakhs, in 1969 it was 4647 lakhs and in 1970—Rs. 5389 lakhs and 1971—Rs. 5289 lakhs and 1972, i.e. last year, it was Rs. 5841 lakhs. This is the total assets of the Indian Tobacco Co. Ltd. The net assets employed—1968—Rs. 3482 lakhs, 1972—it has jumped up to Rs. 4611 lakhs. Gross value of plant and machinery, in 1968—Rs. 513 lakhs, in 1972, it has almost doubled to Rs. 961 lakhs. That is the growth of foreign monopoly. Expansion in 1972 over 1968: in total assets—28 per cent, in assets employed—32 per cent and gross value of plant and machinery—87 per cent. Production—in 1967—28106 million cigarettes, in 1972 they have produced 32,435 million cigarettes and profits in 1967—Rs. 409 lakhs, in 1972—Rs. 741 lakhs.

There are similar figures with regard to Vazir Sultan Tobacco Co.

which was headed over by that wonderful Chairman who said that nobody can stop their expansion. In 1972, their total assets was Rs. 1081 lakhs, gross value of plant and machinery in 1968—Rs. 146 lakhs and in 1972 it has come to Rs. 251 lakhs. Expansion in 1972 over 1968—total assets—48 per cent, net assets employed—56 per cent and the gross value of plant and machinery—72 per cent. This is the gloomy picture I present before you and I stand by all the figures that I have quoted here.

Turn-over for the Indian Tobacco Co., alone only about a year ago was Rs. 170 crores. Last year they have said in their balance-sheet for 1972, the turn-over was Rs. 200 crores—Rs. 32 crores higher than the previous year. It say upto March 1972 the trading profit for the year ending March 1972 is Rs. 3.42 crores compared with Rs. 3.29 crores in 1971. This is curbing monopoly! However, the total profit after tax, taking into account the tax credits, etc. is Rs. 4.03 crores, an increase of Rs. 46 lakhs over the previous year.

I will give you another figure Gross income, source of income, net assets and income and profits from their balance-sheet to show how their gross income has gone up. For 1963—it was Rs. 5041 lakhs. 1968—it was Rs. 10788 lakhs, it has doubled in five years. 1972—in the course of four years, they have doubled again to Rs. 20907 lakhs. Gross turn-over—how they have jumped by Rs. 4000 lakhs of rupees. Net assets, investments, current assets and the gross income show a most distressing picture to me an Indian, conscious about my country's economic poverty and distress.

The Government kept on saying, but what has actually happened. On 13-5-69 this Government has said:

"Government's policy is to encourage production of cigarettes by Indian-owned firms to take care of increased demand...."

This was in 1969. Again in 1970, repetition of the same thing. In August, 1970 again the same thing. In November 1970 the same thing:

"We are allowing Indians to grow." On 26-4-72 they said:

"Government policy in this regard was to encourage production of cigarettes by Indian-owned firms to take care of the increased demand. Government is also encouraging establishment of companies which are 100 per cent Indian-owned."

Then, Sir, very recently on 21.3.73 what has happened? The record player has again been played. What they said in 1969 and 1973 is just the same but in actual happening, in actual practice, the whole thing is reversed.

In 1964 the production was 21,320 million cigarettes; this increased in 1965 to 24 millions, in 1966 to 27 millions and in 1967 to 28 millions. This is a very interesting thing. Regarding licenced and installed capacity the figure is 40839 in 1971 and the actual production for 1972 is 32,435, and that for 1971, 30,197. You will see that their original licensed and installed capacity has been a little over half of what their installed capacity today is. They are talking about encouraging Indian-owned firms on the one hand and on the other hand they are allowing the foreign monopolists to fatten themselves by a mutual agreement and understanding, self-help, give-and-take, and so they have been allowed to grow.

This is what the then Minister of Industrial Development, Internal Trade and Company Affairs said about the installed capacity of the Cigarette company in 1967. In 1967 the ITC's capacity was 24,240 millions and today it is over 40,000 millions and they are producing 35,000 million cigarettes. Do you expect that the Indian producers will come up? How can they come up? Out of the sky or what? In between 1967-68 to 1970-71 the increase has been of the order of

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8,490 million cigarettes. How sincere is this Government can be seen from what I say just now. The Imperial Tobacco Company, Vazir Sultan Tobacco Manufacturing Company and Godfrey Phillips Company got 80 per cent of the business, that is, 6660 million pieces of cigarettes they were allowed to produce in excess to meet the increased demand. They also stretched their hands on other Indian-owned cigarette producing plants because they cannot sell their brands in the market. This giant Indian Tobacco Company will go to the shopkeeper and say: In your shop if you stock a brand produced by other cigarette-wallahs we will not supply you. So, that is the position. Although an Indian firm, the Universal Tobacco Company of Hyderabad was producing 50 per cent of ITC cigarettes, and 50 per cent of Vazir Sultan Tobacco brand. The Hyderabad Deccan Cigarette Factory, Hyderabad has been producing wholly the brand of Vazir Sultan Tobacco Company. The Crown Tobacco Company of Bombay has been wholly producing the ITC brand. The Master Tobacco Company of Bombay has been wholly producing ITC brand. The National Tobacco Company of Calcutta is also producing ITC cigarettes.

AN HON. MEMBER: What about Charminar?

SHRI JYOTIRMOY BOSU: चार मीनार, जो वजीर सुल्तान की सिगरेट ह उस केबारे में बता दिया कि उस में दूसरा दाल भी लगा हुआ है।

Sir, a question was put the other day. The question was:

"Will the Minister of Company Affairs be pleased to refer to reply given to Unstarred Question No... regarding alleged restrictive and monopolist trade practices against Indian Tobacco Company Limited

and Vazir Sultan Tobacco Company Limited and state:

"(a) the outcome of the investigations made by the Monopolistic Trade Practices Commission; and

(b) Government's reaction thereof."

The answer given is:

"(a) The Director of Investigation has not yet completed its preliminary investigations on the complaints referred to him by the MRTP Commission. (b) Does not arise."

May I know when will they do it? There has not been much change as regards the inter-locking of capital. There is severe inter-locking of capital. It is a widely spread net. If you want to start a cigarette plant you will not get machinery. The international cartel is controlled by British Tobacco Company who are the actual owners of Indian Tobacco companies. They are controlling 62 companies in 40 countries with 150 factories. To give an example of loot the Vazir Sultan Company was purchased for Rs. 6 lakhs and now the annual profit only is Rs. 127 lakhs. I want to ask Mr. Subramaniam how many letters of intent in this regard were issued? How many factories have come up? I am told out of 18 one has come up. What is the reason that the other 17 Indian entrepreneurs did not come up? I want to know what steps the government proposed to take to stop the plunder of tobacco grower, the worker, the foreign exchange earning and the consumer. The cost of tobacco in a particular brand of cigarette of Indian tobacco is nine paise when the value of the tobacco does not exceed one paise. We demand that this should be nationalised. This is not in a priority sector. In spite of that the Minister is allowing diversification of Imperial Tobacco Company to hotel business, deep sea fishing, etc. They are anxious to please the foreign monopolist. Once I am told Mr. Reddy,

the then Company Law Minister had objected to certain diversification. Then some pressure came and he had to withdraw. I am told the previous Minister had also turned down the expansion programme.

May I ask the hon. Minister is it a fact that the wife of a top PRO of that company is the sister of the daughter-in-law of the treasurer of a political party. I want to find out how much contribution this Imperial Tobacco Company made during the last elections. I am told they contributed Rs. 25 lakhs. That is why they have been allowed to do like this. Is this a step towards 'garibi hatao'. (Interruptions).

This ruling party have sold their head for the sake of money to this foreign monopolist and allowing plunder of this country which is unprecedented in the history of this country.

\*SHRI E. R. KRISHNAN (Salem): Mr. Chairman, Sir, I request the hon. Minister of Industrial Development, Shri C. Subramaniam, to give his replies to the specific questions I will be raising.

Shri C. Subramaniam has himself replied to a question put in this House that the foreign investment of equity capital in the cigarette industry of our country is approximately Rs. 16.24 crores and that of Indian investment in equity capital is Rs. 8.62 crores. He has also declared that the Government's policy is to encourage the production of Indian-owned firms to take care of the increased demand for cigarettes and to give licences to 100 per cent Indian-owned cigarette manufacturing companies. I would like to know from him how many industrial licences have been given during the past three years for setting up cigarette manufacturing units by the Indian entrepreneurs and how many units have come into being during the past three years.

I came across a news item that a cigarette manufacturing unit is likely to be set in Dharmapuri in Tamil Nadu. I would like to know from the hon. Minister as to when this unit is likely to come up and whether whatever assistance is required for setting up this unit in Dharmapuri has been given by the Government of India.

Before I conclude, I would like to know from the hon. Minister of Industrial Development whether, in view of the continuous drain on our valuable foreign exchange by the repatriation of profits by the foreign-owned cigarette companies, the Government will come forward with the proposal to nationalise these foreign-owned cigarette companies in our country.

SHRI K. GOPAL (Karur): The amount so far repatriated by these foreign companies is many times their investment in India because on the average every year nearly Rs. 2 crores are repatriated by way of dividends and remittances. In view of this, will Government think of nationalising this industry, failing which will they at least make these foreign shareholders sell their equities to Indians? Will they at least throw all these foreigners out lock, stock and barrel because all these cigarette companies in India, even though they are foreign, are managed purely by Indians?

Secondly, according to the Industrial Policy Resolution, 'further expansion'—I underline the word 'expansion'—will be restricted to those lines which are considered essential for the economic and industrial development of the country. Here one of the leading tobacco companies, a foreign monopolistic company, named India Tobacco Company has been allowed to diversify. They are not allowed to expand in terms of the provision in the Resolution I quoted, but they have been allowed to diversify. They have been allowed to enter the hotel industry and into deep sea fishing for which they do not have the technical know-how at all.

\*The original speech was delivered in Tamil.

[Shri K. Gopal]

As a matter of fact, last year in this very House, there was objection by some hon. members to foreign cigarette companies being allowed to enter into deep sea fishing. It was said that this would be looked into and they would not be allowed to do so. The other day the Minister of Tourism and Civil Aviation said that we had allowed India Tobacco Company to enter into the hotel business because we wanted the foreign companies to dilute their investments. But we are asking them to increase their equity by so much. I do not understand the logic of this at all. They may reduce their equity in terms of percentage. Suppose they have Rs. 10 investment, out of which Rs. 7 is foreign investment and the rest Indian. If you ask them to put Rs. 10 in an Indian concern, how are you reducing the Rs. 7 which still remains? The percentage may be brought down, but the actual amount remains the same.

So I would like to know whether Government will take steps to see that they sell their equities to Indians if they are not able to nationalise them immediately.

THE MINISTER OF INDUSTRIAL DEVELOPMENT AND SCIENCE AND TECHNOLOGY (SHRI C. SUBRAMANIAM): I would like to have guidance from you whether I should observe the rules of Parliament or should go outside them. This is a discussion under rule 55:

"The Speaker shall allot half an hour for raising discussion on a matter of sufficient public importance which has been the subject of a recent question, oral or written, and the answer to which needs elucidation on a matter of fact."

If you look at the question on which this debate has been raised, it says:

"whether it is proposed to nationalise the five main foreign-owned cigarette companies or to

put a moratorium on the remittances of profits, dividends etc., abroad,

"if so, the broad outlines of the proposal; and

"if not, the reasons therefor."

I have categorically stated that there is no such proposal under consideration by the Government. However, the following steps have been taken to reduce the liability on account of the remittances by foreign companies, etc. I do not see any elucidation which has been sought, which is necessary, for the purpose of further throwing light on the answers I have given. (*Interruptions*)

SHRI JYOTIRMOY BOSU: Ha, ha.

SHRI C. SUBRAMANIAM: This 'ha, ha', I do not like. I would seek the protection of the Chair. This sort of going on interrupting should stop somewhere.

SHRI JYOTIRMOY BOSU: I want an answer.

MR. CHAIRMAN: Please sit down, both of you. If the Minister yields, you can say; if he does not yield, then you cannot say. If you want to say something, I will allow you after the Minister replies. Let us observe decorum. When the Minister is having the floor, let us not interrupt.

SHRI JYOTIRMOY BOSU: You should allow us to make efforts to make him yield. That is the process.

MR. CHAIRMAN: You are making efforts throughout the day. You may or may not succeed.

SHRI JYOTIRMOY BOSU: I have posed certain questions, and what they are doing is against the national interests.

MR. CHAIRMAN: The House has heard you for nearly half an hour. The discussion is only for half an hour, it should be remembered. The House is too tolerant towards you and



so, you also be a little tolerant towards the House. I would request the Minister to reply.

**SHRI C. SUBRAMANIAM:** Sir, certainly during this short debate, the hon. Members do not expect me to cover particularly the serious policies with regard to nationalisation, and deal with the existing foreign concerns within the country. It is too serious a matter to be dealt with in a debate like this particularly on an answer given to a particular question, and that is why I am at a disadvantage with reference to the time available and secondly with reference to the scope of the discussion in this House. Subject to that, I want to clear certain misconceptions.

The hon. Member who raised this discussion seems to think he alone can protect the interests of the country and nobody else can. This is an unfortunate illusion under which he is unfortunately suffering. Not only in this speech but all along, in all his speeches, it looks as if he cannot get out of this illusion. That is what I want to say.

**SHRI JYOTIRMOY BOSU:** They have devalued the rupee under American pressure and today he says all this.

**MR. CHAIRMAN:** Either you are prepared to listen to the Minister or I may have to resort to the rule under which, if the Minister asks for permission to lay a statement on the Table of the House, I may have to permit him, if the House is not in a mood to listen. There should be no cross-talks and no cross-shoutings. Let the Minister complete his reply.

**SHRI JYOTIRMOY BOSU:** I wanted a reply.

**MR. CHAIRMAN:** The Minister has to give his reply on the specific issue that has been raised if he is in a position to reply to it. You cannot com-

pel the Minister to reply to whatever you have said. That is very clear.

**PROF. MADHU DANDAVATE** (Rajapur): After the Minister's observations, I think, the case of Shri Jyotirmoy Bosu should be referred to the Monopolies Commission because he is monopolising here!

**SHRI C. SUBRAMANIAM:** The main points raised were, firstly whether the foreign concerns would be nationalised. As far as nationalisation is concerned, the policy statement was made by the Prime Minister to a question in the Rajya Sabha on March 3, 1970 which I respectfully submit still holds good as far as the Government is concerned, I would like to read it out because it is of some importance particularly in connection with the points made by hon. Members there and on my side also.

"I am not afraid of nationalisation, nor do I believe that it is an answer to all our difficulties. Our approach must be realistic and practical. At any moment if any privately-owned industry is operating against the national interest or is impeding social progress, we should not hesitate to take it over. At the present moment, our priority is the acceleration of development so that the problems of unemployment and inequalities are solved, and this calls for not only the right policy but unremitting hard work, higher savings and greater investment, and the emphasis should therefore be on the flow of the scarce public capital into new areas of production. The economic battle which lies ahead requires many weapons in our armoury and nationalisation is only one of these weapons and it is one which should be used judiciously and with great care."

This is the policy as far as nationalisation is concerned. There is no question of discriminating against foreign concerns. Simply because there is a foreign owned company that does not mean that it is the ground



[Shri C. Subramaniam]

for nationalisation. This is an assurance which we have given and we shall stand by that assurance.

The question is how we are going to encourage Indian industry in this sector. Foreign majority companies, not 100 per cent owned, hold dominant position in this field. Therefore we have encouraged Indian Industry to come up and that is why three licences and fifteen letters of indent have been issued for a total production of 75 thousand million cigarettes. The present capacity is 65 thousand million cigarettes.

The hon. Member Mr. Krishnan put a question with regard to the licence in Dharmapuri district from where I have the honour to be elected. That letter of intent has been issued to the State Industrial Development Corporation at Tamilnadu. They have not taken any step to fulfil the conditions. I do not know whether it is due to the fact that I happen to be representing that area, I hope it is not and I hope and trust that the Tamilnadu Government will take early steps to convert that letter of intent into the licence and the license to be converted into a project for the production of cigarettes.

\*SHRI E. R. KRISHNAN: I understand that till last week the State Government have not heard anything from the Central Government on this subject. Therefore, I would like to know whether the information now given by the hon. Minister of Industrial Development is correct.

SHRI C. SUBRAMANIAM: I do not know what message was expected from the Government of India. They have got a letter of intent and they have to fulfil the conditions laid down in that to get the license.... (Interruptions) If any assistance is necessary from me for the establishment of that factory, I shall gladly give that and I

hope that assistance will be welcomed by the Government of his party in Tamilnadu.

The next question is with regard to the dilution of equity in foreign companies. Whenever a foreign owned company, whether fully foreign owned or majority foreign participation comes forward with an expansion programme we make it a condition that they should dilute the equity, we have two steps, at first it is brought down to 51 per cent and then again to 40 per cent. The foreign remittance will have to be controlled and for that purpose a Bill for the amendment of Foreign Exchange Regulations Act is under consideration. When that becomes law various steps could be taken for the purpose of controlling the remittance of profits or dividends to other countries. Those steps are under contemplation and I hope that the Bill will come as quickly as possible.

All the allegations with regard to the sum of Rs. 25 lakhs and odd and various other things are completely irrelevant and baseless. It is because of this irrelevancy that the hon. Member is not to be taken seriously. And we try always to ignore whatever he says.

SHRI BHAGWAT JHA AZAD (Bhagalpur): The moot point is this. Is it a fact that at present this foreign company with an investment of about Rs. 16 crores and odd lakhs is repatriating a huge profit of Rs. 2 crores and odd every year? Is it not enough amount which this company has already repatriated—more than the capital invested? In view of this, what is the Government proposing to do in this regard? This is the moot question put to you.

SHRI VASANT SATHE (Akola): Underline the word 'national interest' which is quoted from the statement of the Prime Minister to this House. The Prime Minister has said in her

statement to the House that if it is in national interests, we shall not hesitate to nationalise it. In view of this statement, when more than the capital investment has been repatriated from a non-priority industry, is it in our national interest to go on allowing them to repatriate the profits still?

SHRI C. SUBRAMANIAM: Sir, I cannot deal with these high policy questions. (Interruptions).

MR. CHAIRMAN: In the notice that has been given for the discussion, the main issue is not replied to. The Minister has not explained the reason why the Government are not considering any proposal to nationalise these five foreign-owned companies. Whether it is a high policy matter or not, nationalisation is not being effected. If the Minister would like to have some time to explain in details, that is a different thing. There is one more point which the hon. Members have raised to which I want to draw your attention. Out of 18 licences which have been issued, only one has come up although the rest of the 17 factories have not come up at all. What particular answer does the hon. Minister want to give?

SHRI C. SUBRAMANIAM: As far as nationalisation was concerned, I explained the present policy of the Government. With regard to that, the hon. Members may change that policy if they want.

SHRI VASANT SATHE: We do not change the policy.

SHRI C. SUBRAMANIAM: The policy of the Government is to have nationalisation only with regard to core industries and the priority industries and not to go in for nationalisation of non-priority industries. That is the point. The hon. Members may or may not agree with it. They are entitled to ask for any change. I am here talking about the present policy of the Government.

MR. CHAIRMAN: Now, a straight question has been asked. The question has been raised that nationalisation should be done if the national interest is at stake. Is the Government prepared to accept it or not?

SHRI C. SUBRAMANIAM: This is a matter which will have to be considered. Since the Chair has raised it, I will explain it.

MR. CHAIRMAN: The Chair is only drawing your attention to a question which has been raised by some members. The Chair has not itself raised any question.

SHRI C. SUBRAMANIAM: If we nationalise a foreign concern, we have to pay compensation and that will have to be allowed to be repatriated. We have to consider whether this should be permitted or whether Government should control the companies so that the existing investments subserve the national interest. That is why the Foreign Exchange Regulation Bill is under consideration. When it comes into force, any concern which has more than 40 per cent foreign equity will have to justify its existence and get fresh permission from Government to continue here. At that stage, there will enough time to consider all these things. As the policy now stands, we are not going to nationalise simply because it belongs to a foreign concern and there has been repatriation. It is not as if this is the only company. Palmolive and Colgate, with a capital of Rs. 16 lakhs, have repatriated many crores as profits. It is not as if we are unaware of all these things. We have to take into account various aspects and decide what to do. As I said, the Foreign Exchange Regulation Bill is under consideration....

SHRI N. K. P. SALVE (Betul): There is a misunderstanding. The provisions of the Bill is where more than 40 per cent of the holding is in hands of foreigners, the company has to comply with certain additional formalities under the Company Law and

[Shri N. K. P. Salve]

they will have to come for permission to Government *Suo motu* nothing happens.

SHRI C. SUBRAMANIAM: What form this Bill will ultimately take, it is for this House to decide. If the House wants more rigorous measures, certainly it may consider them.

SHRI JYOTIRMOY BOSU: Out of the 18 letters of intent or licences, how many factories have physically come up?

18.00 hrs.

SHRI C. SUBRAMANIAM: As I have already said, three licences have been issued, one of which is going into production and two concerns are in various stages of completion. As far as the other 15 are concerned, they are still in the stage of letters of intent. Many of them have come through the State Industrial Development Corporation. So, they have to take steps to get them converted into licence. As far as Government is concerned, we would give all the assistance for this purpose. Naturally, if the foreign-owned companies are allowed to expand further, then there would not be any scope for competition for Indian-owned companies. Therefore, we are taking steps to see

that a ceiling is put with regard to production by the foreign-owned companies. We are already taking action on that basis. As soon as certain legal points are overcome, we propose to put a ceiling on their production, taking into account their original capacity etc.

SHRI JYOTIRMOY BOSU: Sir, the Minister has not cared to answer the question about imposing a moratorium on profit remittances, which are increasing every day by leaps and bounds.

SHRI B. N. REDDY (Niryalguda): For nationalising any industry the main consideration should be whether there is foreign monopoly in that industry (*Interruptions*).

MR. CHAIRMAN: This question has been sufficiently debated. The Minister has given his reply. I will ask the Minister whether he is prepared to reply to the new points raised.

SHRI C. SUBRAMANIAM: Diversification does not arise out of this question.

18.02 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, March 27, 1973/Chaitra 6, 1895 (Saka).*