

importing oilseeds as we have imported last year also? What is the permanent remedy you are going to take to check the inflation rate? Is inflation directly concerned with money supply rate or is there any other factor? I would like to know these from the Minister.

**SHRI EDUARDO FALEIRO:** As I have said at the outset, the main reason for inflation is the unprecedented drought in the history of the country. Never before we were faced with such a drought.

**SHRI VITHALRAO MADHAVRAO JADHAV:** Even with the drought, we have a buffer stock of 28 million tonnes of foodgrains available with us.

**SHRI EDUARDO FALEIRO:** I will not repeat what I have said already. Even when we had local droughts, like the one in Bengal, millions of people died. But this year, not a single person will die for shortage of food. This is the achievement that we have made over the years. This is an historic achievement.

**SHRI SATYA PRAKASH MALAVIYA:** You should be ashamed of it.

**SHRI EDUARDO FALEIRO:** Ashamed of what? Perhaps the hon. Member did not understand me. What I said is that there was a drought in Bengal before Independence and millions of people died. It was before Independence. Green Revolution is an achievement of this country in the 1960s which is studied in every agricultural university in the developing world. It is one of the greatest global achievements as far as agricultural production is concerned. This achievement has been made by the people of India, by the farmers of India and because of the wise policies of the Government of India which is the Congress (I) Government. My hon. friend's basic question was as to why inflation is taking place. Basically it is because of drought. It is also because of increase in seasonal items which account for 52.2 per cent in the wholesale price index of 100. Basically it is because of seasonal items.

**SHRI JAGESH DESAI:** In the first three years of the Sixth Plan, the rate of

inflation was 10.4 per cent. In the first three years of the current plan, the average rate of inflation is 8.7 per cent. In the year 1987-88, it is 9.8 per cent. Now this 9.8 per cent is also less as compared to the first three years of the Sixth Plan. Therefore, the Government is able to control inflation. But some of the items like pulses have registered the inflation rate of 30 per cent. Now these are the items which are consumed by the smallest persons such as farmers and labourers. I would like to know from the hon. Member whether he would include at least pulses in the items to be distributed by the public distribution system and if not in the whole country, at least in the drought-affected areas so that they can at least have *dal and roti*.

**THE DEPUTY CHAIRMAN:** This question has already been asked.

**SHRI EDUARDO FALEIRO:** It does not concern our Ministry.

**Inflow of direct foreign investment :**

\*223. **SHRI KAPIL VERMA:**†

**SHRIMATI VEENA VERMA:**

**Will the Minister of FINANCE be pleased to state:**

(a) what was the actual inflow of direct foreign investment into the Indian economy as compared to the inflow into China and ASEAN countries per year during the last three years;

(b) what were the reasons for the poor foreign investment in India; and

(c) what measures Government are taking to improve the situation particularly for streamlining the procedures and for the removal of irritants, if any?

**THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO):** (a) to (c) A statement is laid on the Table of the House.

†The Question was actually asked on the floor of the House by Shri Kapil Verma.

**Statement**

(a) The figures of actual inflow of direct foreign investment for China and ASEAN countries during 1984, 1985 and 1986 are being collected and will be laid on the Table of the House. So far as India is concerned, the figure of approvals given for direct foreign investment for the years 1984, 1985 and 1986 are given below;

	(Rs. Million)		
	1984	1985	1986
India	1130	1261	1070

(b) and (c) The basic framework of our policy towards foreign investment needs no change. Several measures have already been taken to streamline the procedure, to facilitate the inflow of direct foreign investment and this is a continuing process. There is increasing interest among capital exporting countries for investments in and collaboration with India.

**SHRI KAPIL VERMA:** I am a little surprised by the statement because my question is based on the Prime Minister's address of April 19 to the Confederation of Indian Engineering Industries at Delhi. In this address, he said that foreign investment in ASEAN countries was Rs. 1500 crores and in China the foreign investment is Rs. 2000 a year as compared to a paltry Rs. 100 crores in India. The hon. Minister has not given any figures about ASEAN countries and China. He has given figures of approved investment in India for the years 1984, 1985 and 1986. I want to know how much is the investment in actual terms this year. I am asking it in the context of Rs. 100 crores a year. What is the percentage of foreign investment and what is the percentage of foreign equity decided by the Government which will not disturb the planned economy of our country?

**SHRI EDUARDO FALEIRO:** By way of abundant caution, we did not mention the figures of foreign investments regard-

ing China and ASEAN countries because we would like to be doubly sure. However, we may say here that we have the figures given by the International Financial Statistics as on March 1988 which is an institution of the I.M.F. It shows the figures of investment in China as well in the ASEAN countries. These are:

For China, the figures of direct foreign investment in the year 1986 are dollar 1425 million.

For ASEAN countries, the figures of direct foreign investment in the same year, i.e. 1986, are dollar 1759 million.

For India, the figures are Rs. 1070 million.

So, it is true that as far as India is concerned, compared to China or the ASEAN countries, foreign investment is about fifteen to twenty times less. That is the position.

So far as foreign investment is concerned, as the Prime Minister has also said, our policy is the right policy and this has stood the test of time and it is the correct policy and we will continue to be selective as far as foreign investment is concerned and the policy is that we want foreign investment, particularly in the areas of high-technology where this technology will not be available. So, surely, everyone of us stands by what the Prime Minister has said.

**SHRI KAPIL VERMA:** Madam, in the same conference, the Prime Minister has said while addressing a huge gathering of business leaders—I am quoting from the reports—like this:

“Direct foreign investment is preferable to loans.”

Also, Madam, this has raised a big controversy and you might have seen the editorials in several newspapers. I want to know from the Government what the reasons are for preferring foreign investments to foreign borrowings.

Secondly, I also want to know whether it is correct that even during the time of your tentative liberalisation a number

of old foreign investors had sold off their Indian holdings.

**SHRI EDUARDO FALEIRO:** Yes. The Prime Minister has said that this policy, which has been in existence, is a good policy and this policy which has been in existence provides for a mix of both loans and direct investments.

**SHRI KAPIL VERMA:** But he prefers investments, foreign investments, to foreign borrowings and he has given the reasons. I can read out if you want.

**SHRI EDUARDO FALEIRO:** If he has given the reasons, those reasons are good enough for me and for the Government. But what the Prime Minister has said is that the policy is a good policy and what I would like to say is what the policies are all about. The policy is a mix of loan as well as direct investment. Direct investment has certain advantages in certain respects inasmuch as you can only repatriate abroad profits from this country if the funds have been productively used and if profits have been made. Only profits can be repatriated.

Number two: It is a fact that often foreign investors are not prepared to part with technology and our concern is transfer of technology. They are not prepared to part with technology unless they have participation in equity and, therefore, if we want transfer of technology, in many cases it becomes necessary also to have foreign participation in investment. I have said that even in socialist China, it is fifteen to twenty times more, the foreign investment, as compared to India. So, these are broadly the parameters within which we work.

**SHRI KAPIL VERMA:** What is the level of foreign investment?

**THE DEPUTY CHAIRMAN:** Yes, Shrimati Veena Verma.

**SHRIMATI VEENA VERMA:** Madam, the honourable Minister has stated, in reply to parts (b) and (c) of the question, that several measures have been taken to streamline the procedures to facilitate inflow of direct foreign invest-

ment. I want to "know" what exactly those "several measures" are which have been taken and whether they are considered adequate. I also want to know what the irritants are which are being complained of by the foreign investors in India and whether it is proposed to remove those irritants. Does the Government propose to amend or dilute any laws to streamline the procedures and remove those irritants? Further, I would also like to know whether, during his recent visit to Japan, the Prime Minister invited the Japanese industrialists to make investments in export-oriented industries in India as they have done in South Korea, Taiwan and other Asian countries and if so, what the Japanese response was and whether there have been any follow-up measures which have been taken and any concrete progress has been made in that direction.

**SHRI EDUARDO FALEIRO:** Madam, we have taken numerous steps to simplify the procedure over a period of time. These include uniform tax rates, delegation of power to Ministries, liberal approach in giving licences and import policy simplifications. These are some of the steps. As far as the Japanese investment is concerned, as I have said, our concern is not so much with money or capital as high technology. And there are the Japanese along with some others for high technology which is useful to us. Therefore, we keep that very much in mind.

**SHRI YASHWANT SINHA:** Madam, the Minister has just stated that the Prime Minister has said that foreign investment will be only in high technology areas. But I would like to know from the hon. Minister whether the Government considers Pepsi Cola as high technology area.

**SHRI EDUARDO FALEIRO:** As far as this is concerned, it is not for this Ministry. It is for some other Ministry to answer—the Industry Ministry...

**SHRI YASHWANT SINHA:** Madam, the Minister is explaining the policy of foreign investments and foreign technology. He cannot get away like this. (Interruptions)

AN HON. MEMBER: He is evading the reply.

THE DEPUTY CHAIRMAN: Right now he does not have the information. Kumari Sayeeda Khatun.

कुमारी सईदा खातून : माननीय उप-सभापति महोदया, मैं माननीय मंत्रीजी से यह जानना चाहूंगी कि ऐसे कौन-कौन से देश हैं जो पूँजी का निर्यात करने या भारत में पूँजी निवेश करने में ज्यादा दिलचस्पी दिखा रहे हैं ?

SHRI EDUARDO FALEIRO: Offhand, I won't be able to give details. But we have several of these high technology countries with investment in India. They include FRG, Japan and some other industrialised countries.

श्री सीताराम केसरी : डिप्टी चैयरमैन महोदया, मैं वित्त मंत्री महोदय से यह जानना चाहूंगा कि विदेशी मुद्रा जिसकी हम अपेक्षा करते हैं, उसको मदद नजर रखते हुए हमने जिस अवधि में रेड्स किये हैं उसके परिणाम देश से करप्सन दूर करने के लिए है और कोई इश्यू उभर कर नहीं आया है। महोदया, मैं जानना चाहूंगा कि जो 34 हजार करोड़ रुपया इस देश के बाजार में और दूसरे बाजार में पड़ा हुआ है, उस धन को निकालने के लिए भूतपूर्व वित्त मंत्रीजी जोकि आज राष्ट्रपति हैं, उन्होंने एक रास्ता निकाला था और उसमें एक हजार या बारह सौ करोड़ रुपया आया। मैं माननीय मंत्री जी से जानना चाहूंगा कि इस देश के उद्योगपति जिनके पास नंबर दो का 32 हजार करोड़ रुपया पड़ा हुआ है उसको निकालने का कोई रास्ता निकालेंगे ? किसी इंस्टिट्यूट के द्वारा कोई रास्ता निकालेंगे ताकि हमारे देश का धन हमें मिला जाए और वह धन नंबर एक हो जाय।

वित्त मंत्री तथा वाणिज्य मंत्री (श्री नारायण दत्त तिवारी) : महोदया, यह बड़ा दुष्कर और कठिन प्रश्न है। माननीय सदस्य ने इसमें जो नंबर दो शब्द का प्रयोग किया है, वह नंबर दो ही है।

श्री अरविन्द गणेश कुलकर्णी : नंबर दो क्या है ?

श्री सीताराम केसरी : नंबर दो छिपा हुआ धन है।

श्री नारायण दत्त तिवारी : मैं माननीय सदस्य का आभारी हूँ कि नंबर दो का व्याख्या उन्होंने स्वयं कर दी। वैसे यह शब्द इतना प्रचलित है कि जनसाधारण इस नंबर दो शब्द का शब्दार्थ और भावार्थ से भली-भाँति परिचित है।

SHRI A. G. KULKARNI: What is the official version of 'Number 2' I want the official version.

श्री नारायण दत्त तिवारी : नंबर दो का अर्थ वही है जोकि कालाधन कहलाता है। कोई भी शासन कोई ऐसी सामान्य नीति नहीं बना सकता जिससे कि सारा कालाधन श्वेत हो सके। लेकिन हमारी दूसरे प्रकार की नीतियाँ और कार्यक्रम हैं, जैसेकि बांड्स जिसमें कि यदा-कदा ऐसा होता रहा है कि जो काला धन है लोग उसे श्वेत बनाने की चेष्टा करते हैं। वें एक मार्जिनल तरीके से या सीमांत तरीके से ऐसा करते रहते हैं। जहाँ तक विदेशी काले धन का प्रश्न है वहाँ तो वह शायद श्वेत धन हो, लेकिन यहाँ वह कालाधन हो जाता है।

श्री सीताराम केसरी : महोदया, मैं कहना चाह रहा हूँ कि विदेशी धन लेने से हम पर उनका एक राजनीतिक प्रभाव पड़ता है। इसलिए मैं चाहता हूँ कि जो देश का काला धन है उसको हम उजला कर दें। अगर उसका निवेश हम अपने उद्योगधंधों में करेंगे तो यह देश की प्रगति में मदद करेगा।

श्री नारायण दत्त तिवारी : श्रीमन्, सम्मानित सदस्य को शासन का विशाल अनुभव है दीर्घ कालीन अनुभव है। वह जानते हैं कि इस प्रश्न का संदर्भ क्या है। जो विदेशी टेक्नालाजी है, उस प्रकार की तकनीक वहाँ प्राप्त हो सकती है वह स्थानीय धन के निवेश से प्राप्त नहीं हो सकती। इसलिए ये दोनों प्रश्न

जहाँ एक ओर दीर्घकालीन परिप्रेक्ष्य में जुड़े हुए हैं, वहाँ अल्पकालीन परिप्रेक्ष्य में भी जुड़े हुए हैं। हमारे पास टेक्नालाजी नहीं है, इसलिए देश के अंदर उस धन का हम उपयोग नहीं कर सकते हैं। इसलिए हमें दोनों को अलग-अलग करके देखना होगा और इस प्रश्न को दूसरा दृष्टिकोण देना होगा। मैं यह कहूंगा कि जहाँ उनका सुझाव विचारणीय है, लेकिन सारे काले धन को स्वतः धन में परिवर्तित करना संभव नहीं है।

**DR. G. VIJAYA MOHAN REDDY:**

Madam, now the developed countries as well as the imperialist countries want to export capital in order to exploit the cheap labour that is available. They go in for the subsidiary companies or they have collaborations with our own monopoly houses. This strategy is going on. That is why, during the freedom movement we fought this trend. Now we are going in for foreign investment. I request clarification on this particular point.

**SHRI NARAYAN DATT TIWARI:**

Madam, the point that the hon. Member has raised is an ideological one. But technology needs no ideology. Technology is technology. It is for productivity and for development. It is because of this that we find Mr. Deng Xiaoping abandoning the old ideas of Mao Tse-tung. That is why Gorbachevian revolution is going on in the U.S.S.R. That is why we find that the whole socialist bloc is undergoing a transformation. They are trying to import technology from whatever source they can irrespective of the ideology of the Government and the country. Therefore, let us not see ideology in technology. Let us imbibe whatever technology is appropriate to the Indian conditions. The important thing is that the terms should be honourable. The terms should not lead to any type of subordination of any type. If it is on equal terms and if it is beneficial to us, then we should go in for technology irrespective of ideological consideration.

**SHRI BIR BHADRA PRATAP SINGH:**

I venture to suggest to the learned Finance Minister that the stage of the Indian eco-

nomy is such that we need foreign technology. Therefore, we cannot close our eyes to the realities of the situation. Therefore, I would like to know what specialities are being provided by others. Is the Government considering to make an in-depth on-the-spot study of the procedural facilities offered by the Far Eastern countries to bring in foreign investment? Will you consider it in this country as well?

**SHRI NARAYAN DATT TIWARI:**

Well, as the Prime Minister has stated very clearly, we should have a review in order to see what procedural constraints are there which would enable us to absorb a larger inflow of foreign investment with advantage to our economy. We will be happy to remove any unnecessary constraints.

#### Crisis in textile industry

**\*224. DR. G. VIJAYA MOHAN REDDY:** Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the National Textile Corporation has drawn up a new strategy to mitigate the crisis in textile industry; and

(b) if so, what are the details of the strategy?

**THE MINISTER OF TEXTILES (SHRI RAM NIWAS MIRDHA):** (a) and (b) NTC has formulated a turn-around strategy, for NTC mills, based on selective modernisation with the help of institutional finance, amalgamation of units, closure of uneconomic activities etc.

**DR. G. VIJAYA MOHAN REDDY:**

Madam the hon. Minister has given a very cryptic reply. After all, textiles is our life-breath and it encompasses about one-fifth of the economic activities in our country. Millions of workers are involved in the textile industry and the Indian cloth is famous for centuries. This cryptic reply does not convey anything as to whether there is anything new or the old policy which has created the textile crisis is being continued. Another point which I want to mention, Madam, is that