

thfir it is a fact that the raids, took place after Mr. San jay Gandhi's visit to Bombay, in course of which in a public meeting he denounced and condemned those who were collecting funds for the Congress Party. It was published in all the newspapers, and immediately a few days after Mr. Sanjay Gandhi's visit to Bombay these raids were conducted. What are the relevant dates? Will he tell the House? If he does not have the dates,' will he please find out those dates, because, Mr. Chairman, these are some of the worst examples of the misuse of powers by the extra-constitutional authorities?

SHRI H. M. PATEL: Sir, it wa<sub>s</sub> in April, 1976 that Shri Harihar Lai, the then Director of Inspection (Investigation) of the Income-Tax Department authorised the search so far as the company is concerned, and the operation resulted in seizure of books etc. That is all I can say. If you want the exact date, this information was not asked. If the exact date on which the search was carried on is material fo you to know, I would certainly ascertain and furnish.

SHRI ARVIND GANESH KUL. KARNI: One of our difficulties is, Sir, that when the Minister is replying, he is putting all his emphasis only on whatever record he has got, in the sense that he is meticulously going by what is written in brief, and is <sup>no</sup>t taking a political/pragmatic view. In this case the residence of Mr. Viren Shah and Mr. Fateh Singh Gackwad were not searched. For that, as my colleague here or Mr. Bhupesh Gupta has alleged, there might be some political reasons or some political vendetta. But the basic point remains, Mr. Patel, that these industrialists, whether Mr. V. K. Shah or Mr. Goenka or Mr. Mody or Mr. K. K. Birla, all these people are helping all the political parties and staking their claims for enriching their empire. So I would like to know whether there is any basic approach by the Janata Government to stop this, since who-

ever they are, they are using their money power. The same technique i<sub>s</sub> operating. The same industrialists, who pocketed the Congress Party, are pocketing Janata. So, what is the basic approach of the Janata Government in this connection?

SHRI H. M. PATEL: Sir, may I just mention the dates because I have got the dates now? The searches were conducted between the 24th and 27th April. On April 24 I think they carried out searches in Surat and on April 26 and 27 they were continued. So, from 24-4-76 to 27-4-76 searches were carried out in Bombay and Baroda in various premises.

So far as Mr. Kulkarni's question is concerned, I am afraid it is a question to which I can give no answer which will satisfy him because it is a general question. But our attitude towards it I shall make clear when I move the Taxation Laws (Amendment) Bill, which I am to move this' afternoon.

MR. CHAIRMAN": Next question.

Permission sought by the Hindustan  
Lever Ltd. to retain 51 per cent  
foreign equity

♦332. SHRI S. KUMARAN:  
SHRI INDRADEEP SINHA:t

Will the Minister of FINANCE be pleased to refer to the answer to Starred Question 445 given in the Rajya Sabha on the 15th March, 1978 and state:

(a) whether the examination of the representation made by the Hindustan Levers Limited seeking permission to retain 51 percent foreign equity has been completed; and

(b) if so, what decision Government have taken thereon?

■{The question was actually asked on the floor of the House by Shri Indradeep Sinha.

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) and (b) The representation made by Hindustan Lever Ltd. seeking permission to retain 51 per cent foreign equity is still under consideration.

SHRI INDRADEEP SINHA: Sir, according to the answer given by the Government to the earlier question, Q. No. 445, it was stated that the company had claimed that they had used certain sophisticated technology in Appendix I industries and after the completion of these projects in 1979, the company would be eligible to retain 51 per cent of foreign equity under the FERA guidelines. Now, my question was concerning this. Will the hon. Minister be pleased to inform the House what the sophisticated technology is that the company has employed because they are manufacturing ordinary consumer goods like soaps, powders, vegetable oils and so on? These are their products.

50 what is the sophisticated technology employed?

SHRI H. M. PATEL: Sir, this representation, I may mention was made "to the Ministry of Industry. It will come before the FERA Committee, for which the Finance Ministry is responsible, later. But I may say that the representation which was made first was that they may be permitted to retain 51 per cent on the basis of whatever they were manufacturing at that time. I think they were more or less given to understand that on that basis there was very little chance of 51 per cent being agreed to. This was an informal discussion. They have now submitted another representation, I understand, in which they have said that they are going to undertake manufacture of something else, cement and so on, which if accepted by us, may bring them within 51 per cent. But the matter is still under examination.

SHRI INDRADEEP SINHA: Now, the answer given by the hon. Minister makes the position rather dubious. He says that on the basis of the earlier

representation filed by the company, the understanding was that no sophisticated technology was involved and the company need not lie allowed the concession of retaining 51 per cent foreign equity. Now the company has filed another representation. Now, why does the Government not inform the House that it has rejected the earlier representation and on the basis <sup>or</sup> the earlier representation there is no question of this company being allowed to retain 51 per cent equity?

SHRI H. M. PATEL: The first representation, as I said, is made to the Ministry of Industry. There is no question of rejecting the representation because the matters have not been brought before the Foreign Exchange Regulations Act Committee. These are matters which may be discussed. I am giving you information as is available to me, namely, there have been informal discussions between the Ministry officials and the representatives of the company and they must have been given to understand that on the basis of what they were engaged in so far, there is very little chance under the rules of their request being conceded. Therefore, they thought of changing their representation to see if they did it, "Would that be all right?". And that has to be done also within the period within which they have to satisfy, that is, before April, 1978. I think that is what they are doing.

SHRI INDRADEEP SINHA: Sir, the honourable Minister has not answered my question. My main question was different. He is replying as if he is speaking on behalf of the Hindustan Lever Company that in order to protect their interests they had to file another representation. That is why, what I wanted to know was: When the Government officials were of the opinion that there was very little chance of the company being allowed to retain 51 per cent equity shares, why was that representation not rejected outright? Why was a decision not taken?

SHRI H. M. PATEL; I do not understand why my honourable friend does not listen to everything that I said. I said that this is a matter which has to be dealt with in the first instance in the Ministry of Industry. It has to come before the FERA Committee then, but it has not come at all. Therefore, the question of rejection does not arise. But the company must have been advised that it is unlikely to succeed unless it entered into manufacturing activities of a kind which would be acceptable. This is the position. Where is the question of my speaking on behalf of the company? I do not think it is fair to say that.

SHRI SURENDRA MOHAN; Does it mean that any multinational company which is otherwise not entitled to get any permission" under the FERA, can take up various other activities and it can go before the FERA again for 51 per cent or something, there by circumventing the FERA? I would like the Minister to give an assurance to this House that this would not be allowed to be done.

SHRI H. M. PATEL; There is no question of circumventing. The honourable Member should know that when the question arises of reducing tire equity holding of a foreign company, it means that—the reduction means—remitting a considerable amount of money in foreign exchange abroad. Now, if whatever money has to be remitted can be invested in the kind of activities which we approve of, certainly it is something which we do give consideration to.

DR. LOKESH CHANDRA; In view of the Minister's statement may I know where business technical know-how is available, for example, cement and it is being manufactured in the indigenous sector, why the Government is permitting the multinational to enter those areas? As my honourable friend said, it is trying to circumvent the FERA. You have taken an oath at the Samadhi of Gandhiji and you owe it to the nation that the

spirit of *swadeshi* should prevail over other considerations. Therefore, may I know from the honourable Minister whether he would see that multinationals are not allowed to diversify and proliferate against the indigenous industry?

SHRI H. M. PATEL: The honourable Member does not know what oath we took. He has not read it even. We have taken an oath to see that the nation's interests come first, (*Interruptions*). I do not want to enter into any argument with regard to oath. The nation's interests must come first. If today it is imperative that cement production must be increased to the maximum at the earliest, date, as speedily as possible, then the Government will certainly consider it and see which organisations are in a position to go forward and produce cement within the shortest possible time. I do not want to speak on this, because this is not my business. I am merely answering this question irrespective of what it is.

SHRI BHAIRAB CHANDRA MAHANTY. Which are the other companies which have made representations similar to the one made by M/s Hindustan Lever Ltd.

SHRI H. M. PATEL; I do not know. There are very few companies in such position. I cannot tell you which are the other foreign companies that have expressed a desire to enter into some other fields of production.

Fixation of prices of essential Com. modities

\*333. SHRI N. K. P. SALVE: Will the Minister of COMMERCE, CIVIL SUPPLIES AND COOPERATION be pleased to state:

(a) whether any norms have been laid down for fixing the prices of essential commodities under the public distribution scheme;

(b) if so, what are the details thereof and what is the margin of profit allowed to a manufacturer or producer; and