Before I go on to make my comments about the Budget itself, I would like to touch a point referred to by Mr. Ramamurti. While speaking on the Budget, he talked about foreign equity capital and doubted the advisability and utility of inviting foreign participation in equity capital. He was very vehement and I was surprised that one of my friends, Mr. Gopikrishna Vijaivargiya, also referred to that point and also disapproved the idea of inviting foreign equity capital or giving facilities for foreign participation in our financial system. I am glad that Dr. Gopal singh, who is a very progressive person, gave his support for this participation even though he made the condition that foreign participation in capital should not be more than fifty per cent. This is a very healthy thing to do. Now, Mr. Ramamurti quoted from what the Finance Minister was supposed to have said which was not confirmed by the Finance Minister. All the same, he went on saying that this Government was committed to inviting or encouraging foreign capital which will dominate Indian capital and politics for a long time to come. I strongly oppose this view. I feel that the participation of foreign capital is any day better than mere loan. I believe that foreign equity capital comes here to compete, participate and produce wealth. That capital will also take a risk.

DR. A. SUBBA RAO (Kerala): What is the risk? You have got a protected market here and I would like to know the nature of the risk.

SHRI C. D. PANDE: The risk is that they may not make profit; the risk is that any capital that comes here as equity capital remains idle or unproductive and does not give any return for five years when the industry is in the course of being built up and for two or three years after that there are teething troubles. Any equity capital, ours or foreign, has to wait for a period of six or seven years to think of getting any return whereas in the case of loans, from the day it comes here, we have to pay interest at the rate of six or five per cent. The interest for seven years alone comes to a huge figure, about thirty five per cent. Moreover, the figure that he quoted, of about twenty per cent. going by way of profits is an exaggeration. He later on explained this exaggeration by saying that thirteen per cent. was the actual profit and the balance, six per cent. or so went back in the form of royalty and so on. Now, royalty is quite a different thing; it is given for a different purpose and may be given to a different party, a party other than the people who subscribed the capital.

DR. A. SUBBA RAO: When you ask for equity capital, you are forced to give royalty whereas in the case of loans, there is no question of royalty.

SHRI C. D. PANDE: We still believe that in the case of mere loans, they may be misused by us; we may not utilise the loans and they may not bring any return to this country or the returns may not be as good as those given by equity capital because equity capital will remain in this country and there is no question of repatriation whereas loan has got to be returned after a duly stipulated period and interest has also to be paid from year to year.

THE VICE-CHAIRMAN (SHRI M. GOVINDA REDDY): Mr. Pande, you may continue tomorrow.

MESSAGE FROM THE LOK SABHA

THE APPROPRIATION BILL, 1964

SECRETARY: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:

"In accordance with the provisions of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Appropriation Bill, 1964, as passed by Lok Sabha at its sitting held on the 11th March, 1964.

The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

Sir, I lay the Bill on the Table of the House.

THE VICE-CHAIRMAN (SHRI M. GOVINDA REDDY): The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at thirty minutes past five of the clock till eleven of the clock on Thursday, the 12th March 1964.

GMGIPND—RS—18 RSD—16-6-64—550