

THE
PARLIAMENTARY DEBATES
OFFICIAL REPORT

IN THE NINETY-SIXTH SESSION OF THE RAJYA SABHA

Commencing on the 10th May, 1976/the 20th Vaisakha, 1898 (Saka)

I

RAJYA SABHA

*Monday, the 10th May, 1976/the
20th Vaisakha, 1898 (Saka)*

The House met at eleven of the Clock,
Mr. Chairman in the Chair.

MEMBER SWORN

Shri Pattiam Rajan (Kerala)

ORAL ANSWERS TO QUESTIONS

Foreign companies operating in India

- *1. SHRI MAHENDRA BAHADUR
SINGH;
SRI SAT PAUL MITTAL:†
SHRI SWAISINGH SISODIA;
SHRIMATI LAKSHMI
KUMARI CHUNDAWAT:

Will the Minister of LAW, JUSTICE
AND COMPANY AFFAIRS be
pleased to state:

(a) the number of foreign compa-
nies operating in India as on 31st
March, 1976;

†The question was actually asked
on the floor of the House by Shri Sat
Paul Mittal

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(b) the number out of these, which
are Indian subsidiaries; and

(c) the total assets of these com-
panies as on 31st March, 1976?

THE DEPUTY MINISTER IN THE
MINISTRY OF LAW, JUSTICE AND
COMPANY AFFAIRS (SHRI BEDA-
BRATA BARUA): (a) to (c). A state-
ment is laid on the Table of the House.

Statement

(a) and (b) Foreign companies
operate in India through their bran-
ches and Indian Subsidiaries, i.e.,
Indian companies in which a single
foreign body corporate holds more
than 50 per cent of the paid-up equity
capital. Full information about the
number of both branches and subsi-
diaries of foreign companies is so far
available for 31st March, 1974. As on
that date there were 188 Indian Subsidiaries and 540 branches of foreign
companies operating in the country.

In the case of branches, information
about their number as on 31st March,
1975 and 31st March, 1976 is also
available. On these dates, their num-
bers were 510 and 481 respectively.
Similar information about the num-
ber of Indian subsidiaries subsequent

to 31st March, 1974 is not yet available.

(c) The value of assets of 188 Indian subsidiaries of foreign companies for the year 1973-74 was Rs. 1363.7 crores. The value of assets in India of 296 branches out of 540 at work as on 31st March, 1974 for which balance sheets for the year 1973-74 have been filed with the Registrar of Companies amounted Rs. 1643.7 crores.

The total assets figures of the branches and subsidiaries of the foreign companies in India for the year 1974-75 and 1975-76 are not yet available as all the balance sheets have not been received.

श्रीमती लक्ष्मी कुमारी चूडावत : यह जो स्टेटमेंट दिया गया है उसमें 2 साल पहले के असेसमेन्ट्स तो सारे बताए हैं, जो 1,644 करोड़ के हैं, लेकिन उसमें बताया गया है कि बाद में 1975 और 1976 के असेट्स मिला कर कुल कितने हैं इसके बारे में बैलेन्स शीट न होने की वजह से सरकार के पास कोई आंकड़े नहीं हैं। तो मैं जानना चाहूंगी, चूंकि यह एक इतना बड़ा मसला है और जो ये फ़ारेन मल्टी नेशनल कम्पनीज हैं उनके असेट्स हजारों करोड़ रुपए में हैं, तो 2 साल तक के आंकड़े सरकार के पास क्यों नहीं हैं? उनका बैलेन्स शीट क्यों नहीं आया?

SHRI BEDABRATA BARUA: This is about the foreign subsidiaries. Their balance-sheets are submitted according to the Companies Act. They come in six months' time and then again they take two or three months' time. In this manner, when the balance-sheets are on hand, it takes about a year's time for us to process it and find out the facts. We have given the figures for 1973-74. We will be having all the figures in a short time.

श्रीमती लक्ष्मी कुमारी चूडावत : मैं यह जानना चाहूंगी कि पिछले 25 वर्षों से

जो अनाप-शनाप यहां का धन बाहर विदेश को जा रहा है उसको देखते हुए क्या इन कम्पनियों के ऊपर कुछ लगाम लगाने के लिए कोई कार्यवाही की जा रही है या नहीं की जा रही है और अभी 'अंकटाइ' की एक मीटिंग हुई थी अपने यूनिट की उसमें मिनिस्टर साहब ने कहा था कि ये जो कम्पनियां हैं वे हमारी राष्ट्रीय नीतियों और आकांक्षाओं के खिलाफ़ काम कर रही हैं, तो मैं पूछना चाहूंगी उन्होंने क्या-क्या काम किए—उसके ऊपर क्या रोशनी डाली जाएगी?

SHRI BEDABRATA BARUA: There are a number of regulations for controlling the functioning of these companies. Recently the Foreign Exchange Regulation Act was passed, so that the shareholdings of the foreign companies are made to come down to a particular figure. Apart from that, along with the monopoly houses, they are also subjected to certain further restrictions. They are not allowed to come into the low technology and other fields. Also, export obligations are imposed on them. So, I do not think they are having a free hand in this country.

श्रीमती लक्ष्मी कुमारी चूडावत : मैंने पूछा था कि जो हमारी नीतियों के खिलाफ़ काम कर रहे हैं उनके बारे में कोई रोशनी डालेंगे?

(No Reply)

SHRI SHYAMLAL GUPTA: We also want the nationalisation of foreign companies, but the procedure laid down is so cumbersome and the time taken is so long—I have my personal experience—that in the case of a small company, the officers have taken more than a year and it has not yet been finalised. Will the Minister kindly look into it and assure the House that the procedure would be simplified?

SHRI BEDABRATA BARUA: During the last one year or more, we have been taking every action to simplify the procedures regarding licence clearance in the Department of Company Affairs as well as in other Departments. Sometimes the companies themselves do not supply all the details required and in such cases, it gets delayed. Otherwise, if the companies co-operate, clearances are given as early as possible.

SHRI KHURSHED ALAM KHAN: May I know from the hon. Minister as to how many sterling companies are still operating in the country, what directions have been given to them to convert themselves into rupee companies, whether they have complied with these directions and, if not, what are the reasons?

SHRI BEDABRATA BARUA: I have already said that as on today there are 481 branches of foreign companies and out of them—I have got the figures of the sterling companies of the United Kingdom—277 branches of the sterling companies are operating in India. And action has been taken under the FERA Regulations—every branch of a foreign company is to register itself as an Indian company and also is to conform to the regulations according to the policy of the Government of India. This has been done and in a few months—the hon. Member will be glad to know—all the sterling companies will be registered in India as Indian companies.

SHRI BHUPESH GUPTA: According to the statement, it appears that the foreign companies and their Indian subsidiaries together have an investment over Rs. 2000 crores. That is also an incomplete figure because only 296 branches out of 540 have filed their annual accounts. In view of this huge investment by these foreign concerns and their subsidiaries may I know what is the total amount which is remitted abroad every year under various heads like profits, interests, etc. of these companies and

why the Government is not taking any steps to prevent such remittances so that the resources could be mobilised for investment in our country pending the nationalisation of some of these concerns?

SHRI BEDABRATA BARUA: Remittances are controlled by the Ministry of Finance and the Reserve Bank of India; we do not really control the remittances and do not keep figures of their remittances. But I can tell the hon. Member that Government's policy is to control the remittances and make them invest in high technology fields. The other alternative of nationalisation would lead to a lot of remittances since we have to give them compensation, and Government has to be careful in these matters; the Govt. control the remittances, at the same time making the Companies divert their funds in the direction of more investment in high technology fields and in areas where the country needs the assistance of foreign funds.

SHRI BHUPESH GUPTA: Is there a Government policy? I never asked about it. I think there is a Government policy. What I wanted to know was, firstly, what is the amount of remittances abroad made by these concerns every year and, secondly, what steps the Government is taking actually to prevent these remittances so that the resources so available could be mobilised for developmental investment within the country.

SHRI BEDABRATA BARUA: I have already said that the question about the remittance part can be only directed to the Ministry of Finance because the remittances are permitted at that level, not at this level. We know about the dividends; I can give the profitability of these companies and their turnover.

SHRI BHUPESH GUPTA: What is the amount of remittance?

SHRI BEDABRATA BARUA: Unless he puts a separate question, the answer cannot be given. The answer is not with this Ministry.

SHRI BHUPESH GUPTA: "I cannot give this answer; you can ask another question"—that may be said with regard to any question. An intelligent Minister—and he is an intelligent Minister—should anticipate that on a question of this kind, inevitably he will be asked as to what is the amount of remittance abroad made by these companies, out of the investment of foreign moneys by them here.

MR. CHAIRMAN: The Minister may collect the information and pass it on. Mr. Harsh Deo Malaviya.

SHRI HARSH DEO MALAVIYA: The hon. Minister stated, if I heard him aright, that the foreign companies have been asked to adapt themselves to the FERA Regulations. Under the FERA Regulations, the foreign companies must reduce their holdings to 40 per cent and Indians should have 60 per cent holdings. Now, Sir, there was a recent statement that the foreign companies have been given a resting point so to say a—"dharmashalas"—where they can have shares up to 51 per cent. Why has this been introduced? Why was the relaxation given?

SHRI BEDABRATA BARUA: This matter is not really connected with this question. A resting point of 51 per cent has been given, it is true. And that was given because of certain considerations. While export-intensive as well as high technology companies were allowed even upto 74 per cent share holding, others who were engaged in trading and other types of activities have got their holding cut down to 40 per cent. We thought of a resting point for certain companies which were very keen to retain majority shareholding and which, at the same time, were useful. We thought that there should be a third point where this should also be allowed.

श्री ओउम् प्रकाश त्यागी : श्रीमन्, सोफ्ट ड्रिंक कोकाकोला विदेशी चीज है,

उसके नाम पर करोड़ों रुपया जा रहा है। क्या सरकार इस बात पर विचार करेगी कि जिन चीजों का भारत में नोहाऊ है, जो हमारे यहां बन रही है जैसे सोफ्ट ड्रिंक्स और कास्मेटिक्स आदि हैं उनको बनाने वाली, विदेशी कम्पनियों को या तो बन्द कर दिया जाये या उनका पूर्णतया राष्ट्रीयकरण कर दिया जाए ?

SHRI BEDABRATA BARUA: So far as these low technology fields are concerned, no licences are given now, to my knowledge. All these companies like Coca-Cola and Ponds and other cosmetic companies had come in long before, when the policies were not laid down in this manner and they had come in areas where the Industries (Development and Regulation) Act did not apply, like cosmetics and other things. So they came in. Now what has been done is, their further expansion is restrained and no fresh companies are allowed to come in. But sometimes they get involved Indian companies. For instance, Coca-Cola have got bottlers whose interest is also involved . . .

श्री ओउम् प्रकाश त्यागी : अध्यक्ष महोदय, क्या जवाब दे रहे हैं ? हमारे यहां सोफ्ट ड्रिंक बन रहे हैं लिमका है, गोल्ड स्पाट है, ऐसी अवस्था में विदेशी सोफ्ट ड्रिंक की क्या जरूरत है ?

SHRI BEDABRATA BARUA: I entirely agree with the hon. Member that in these areas companies like Ponds need not be allowed expansion, and no expansion has been allowed. But with regard to closing them down, I was informed by the Minister of Industrial Development that all these bottlers are involved, that while the Coca-Cola Export Corporation is a branch of a foreign company, all these bottlers and people at other levels are also involved and so

everything will have to be discarded. And that is the reason they have said, why they cannot close them down.

श्री सीताराम केशरी : अध्यक्ष महोदय, जहां तक अन्तर्राष्ट्रीय व्यापार के दृष्टिकोण से विदेशी कम्पनियों के साथ सम्बन्ध है, वह अपनी जगह पर है । लेकिन जो उनकी इनकम है, जो अपने देश में खर्च होती है, उसके बारे में क्या आपके पास इस तरह की योजना है जिससे वह देश में खर्च हो और राजनीतिक दलों को न मिले ? आप जानते हैं कि विदेशी धन की सारे देश में बहुत चर्चा है । इसलिए मैं जानना चाहता हूँ कि जो उनकी बचत का पैसा है उसका कितना परसेन्ट वे विदेश भेजते हैं और कितना परसेन्ट देश में खर्च करते हैं और किस चीज पर खर्च करते हैं ?

SHRI BEDABRATA BARUA: Sir, we know how the money is saved and the Government also knows about the remittances. So far as the balance-sheet is concerned, they cannot show any political contribution. That is impossible because that is not allowed to-day under the Companies Act itself.

SHRI SITARAM KESRI: What procedure is there to examine whether they have spent any money on any political party?

SHRI BEDABRATA BARUA: The Government is very alert on this question and we do not have any information so far, from our inspection and other things, about foreign companies spending money from their accounts on political parties—from their accounts, I would like to repeat.

SHRI R. K. PODDAR: It was gratifying to know from the hon. Minister that within two or three months, all these sterling companies will be Indianising themselves. But what

is the position with regard to the American companies? As far as the American companies are concerned, not one of them has subjected itself to the FERA rules and Indianised itself.

SHRI BEDABRATA BARUA: Sir, negotiations are going on and there is no distinction between American, British, Swiss or, for that matter any other companies. All branches of foreign companies have been asked to register themselves as Indian companies. Some of them have already taken steps to get registered. Some of them have got registered. From the answer itself we can see that the number of branches of foreign companies is coming down.

SHRI BHUPESH GUPTA: Is there any time-limit?

MR. CHAIRMAN: Any time-limit?

SHRI BEDABRATA BARUA: I am not able to say about time-limit.

SHRI BHUPESH GUPTA: Is it not in your brief? Can you give us your brief in the morning so that we can help you?

SHRI SARDAR AMJAD ALI: The hon. Minister has stated that there are 188 Indian subsidiaries and the definition of 'Indian subsidiary' is any Indian company in which a single foreign body corporate holds more than 50 per cent of the paid-up equity capital. I would like to ask whether the Minister will let this House know as to whether the Government has got any policy with regard to these Indian subsidiaries or whether any of them has switched over to Indian equities at least to an extent so that the Department of Company Affairs can have some control over them.

SHRI BEDABRATA BARUA: Under the law as it applies to them, they are required to bring down their share-holdings. They will have to bring down their share-holdings. Most of these companies will disap-

pear from the subsidiary list and their number will come down. Some of them may continue. But I have already stated in my answer that the number of subsidiaries is gradually coming down and Indian equity will increase. That is the answer.

DR. RAJAT KUMAR CHAKRA-BARTI: May I know from the hon. Minister how many of the foreign companies have up till now distributed 49 per cent to the Indian shareholders? How many foreign companies have diversified their share at least to the extent of 49 per cent?

SHRI BEDABRATA BARUA: I would like to inform the hon. Member that FERA operations are controlled by the Ministry of Finance.

DR. RAJAT KUMAR CHAKRA-BARTI: I asked for the exact number of foreign companies who did not comply with this rule till now.

MR. CHAIRMAN: If the hon. Minister knows, he will give the information.

SHRI BEDABRATA BARUA: It is some other Ministry which is having this information.

*2. [Transferred to the 19th May, 1976].

Computers in the Railways

*3. DR. V. B. SINGH:†

SHRI HARSH DEO MALA-VIYA

SHRI SARDAR AMJAD ALI:

Will the Minister of RAILWAYS be pleased to state:

(a) the number of computers in use in the Railways and the places where those have been installed; and

†The question was actually asked on the floor of the House by Dr. V. B. Singh.

(b) whether the Railways have any cadres of data processing managers, system analysts programmers and machine operators?

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI MOHD. SHAFI QURESHI): (a) and (b) A statement is laid on the Table of the Sabha.

Statement

(a) The Railways have 13 computers as given below:—

Installed at	No. of computers
1. Central Railway—Bombay	1
2. Eastern Railway—Calcutta	1
3. Northern Railway—New Delhi	1
4. North Eastern Railway—Gorakhpur	1
5. North East Frontier Railway—Gauhati	1
6. Southern Railway—Madras	1
7. South Central Railway—Secunderabad	1
8. South Eastern Railway—Calcutta	1
9. Western Railway—Bombay	1
10. Chittaranjan Locomotive Works—Chittaranjan	1
11. Diesel Locomotive Works—Varanasi	1
12. Integral Coach Factory—Madras	1
13. Railway Board—New Delhi	1
TOTAL	13

(b) There are 44 gazetted and 122 non-gazetted posts of Data Processing Managers|System Analysis|Programmers and Machine Operators. These