

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI PURUSHOTTAM KAUSHIK): (a) and (b). Financial assistance is available to small hotel entrepreneurs through State Finance Corporations for setting up new hotels in different parts of the country. Financial assistance is also extended to hotel entrepreneurs by the all-India financial institutions such as the Industrial Finance Corporation provided the loan requested is more than Rs. 30 lakhs.

#### Foreign Shareholdings by Indian Oxygen Limited

6786. SHRI A. K. ROY : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Union Finance Ministry directed all companies to reduce their foreign share holdings to 90 per cent before 10th May, 1978 far back as in September, 1977;

(b) whether it is a fact that Indian Oxygen Ltd., a predominantly foreign company defend this instruction and the Reserve Bank of India bent to its pressure extending the dead line to March, 1979; and

(c) if so, the reason thereof?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) No, Sir. In terms of the guidelines laid down for administration of Section 29 of the Foreign Exchange Regulation Act, 1973, the level of foreign interest is determined at 74/51/40 per cent, depending on the nature and character of activities undertaken by the applicant company. The normal time given is one/two years and would be counted from the date of receipt of the directive issued by the Reserve Bank of India.

(b) and (c).<sup>7</sup> No, Sir. In the first instance, the Reserve Bank of India issued a Letter of Intent in September, 1975, indicating that the company could continue its activities subject, inter alia, to their reducing non-resident interest to a level not exceeding 40% within a period of one year. The company gave a representation against this directive and submitted a supplementary application. This was considered and the earlier decision was reiterated. Accordingly, the Reserve Bank of India issued a final directive on 31st January, 1978, requiring the company to reduce its non-resident interest to 40% within a period of one year. There was no attempt on the part of the company to defy the directive issued to it; nor was any favourable treatment shown to it.

#### Irregularities Committed by Vijaya Bank

6787. SHRI K. LAKKAPPA : Will the Minister of FINANCE be pleased to state :

(a) Whether an inquiry was held by Government into the irregularities committed by Vijaya Bank recently ; and

(b) if so, the findings of the Inquiring authority and action proposed to be taken by Government?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) An inspection of the Vijaya Bank Limited was recently conducted by the Reserve Bank of India with reference to its position on the 30th June 1977.

(b) The report contains information relating to the affairs of the bank's constituents which, in accordance with the practices and usages customary among bankers is not to be divulged. However, the findings in the inspection report are being pursued by the Reserve Bank with the Bank for necessary corrective action.

#### Restoration of Dubai-Madras Flight

6788. SHRI A. ASOKARAJ : Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state :

(a) whether the Air India flight from Dubai to Madras was stopped from the month of February, 1978;

(b) if so, the reason for the change and its not stopping at Madras; and

(c) whether Government propose to make it stop at Madras again.

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI PURUSHOTTAM KAUSHIK): (a) Yes, Sir. Operations from Dubai to Madras have been discontinued effective 2nd March, 1978.

(b) With effect from 2nd March 1978, a second flight on Dubai/Trivandrum/Dubai sector has been started. Dubai-Madras Service was discontinued as a large portion of traffic from Dubai to Madras is bound for Kerala.

(c) There is no proposal at present to recommence Dubai/Madras flight.