

Permission to M/s. Brooke Bond India Ltd. to act as agent of Centron Industrial Alliance

3576. SHRI SATYA DEO SINGH: Will the DEPUTY PRIME MINISTER AND MINISTER OF FINANCE be pleased to refer to the reply given to Unstarred Question No 3711 on the 15th December, 1978 and state:

(a) whether M/s. Brooke Bond India Ltd. had been allowed to act as Agent of Centron Industrial Alliance for distribution of razor blades subject to MRTP clearance on the presumption of proposed merger of Brooke Bond and M/s Centron;

(b) whether the merger proposal of M/s Brooke Bond submitted to the Government has been closed till the foreign company dilutes its foreign equity to 40 per cent under FERA;

(c) if so, what is the justification for allowing M/s Brooke Bond to continue to act as Agent of Centron Industrial Alliance for distribution of blades; and

(d) whether Government consider withdrawing the permission already granted to this multi-national Company immediately?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGARWAL). (a) Approval to M/s. Brooke Bond India Ltd. Act as agent of Centron Industrial Alliance Ltd has been named by the Reserve Bank of India for a period of six months from 1st January 1979 or till the merger proposal of Centron Industrial Alliance Ltd. with Brooke Bond is approved by the 'Specified Authority' under Section 72(A) of the Income Tax Act, whichever is earlier.

(b) Yes, Sir.

(c) The circumstances leading to the grant of approval have been indicated in reply to Lok Sabha Unstarred Question No. 3711 dated 15th December, 1978.

(d) Does not arise.

Permission to Foreign Majority companies to act as Selling agents of Consumer Goods

3577. SHRI SATYA DEO SINGH: Will the DEPUTY PRIME MINISTER AND MINISTER OF FINANCE be pleased to state:

(a) whether the existing foreign majority companies are permitted to act as selling agents and distribution of consumer goods manufactured by Indian companies;

(b) if not, whether these companies will be permitted to do so when they dilute their foreign equity to 40 per cent under FERA,

(c) whether this will not result in outflow of foreign exchange by trading activities of these multi-national companies; and

(d) what measures Government propose to take to stop the multi-nationals from entering marketing and distribution activities of consumer goods, as and when they dilute their foreign equity to 40 per cent under FERA?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGARWAL). (a) Companies having more than 40 per cent non-resident interest are not ordinarily permitted to act as selling and distribution agents of goods manufactured by Indian companies.

(b) Once a company reduces its non-resident interest to a level not exceeding 40 per cent, it is outside the purview of FERA. As stated in the Industrial policy statement also, such companies will be treated on par with Indian companies. Therefore, a company which has reduced its foreign equity to 40 per cent may undertake trading activities subject to its complying with the applicable provisions of Companies Act and MRTP Act.

(e) and (d). Recent experience does not indicate that there is likely to be any significant outflow of foreign exchange as a result of such companies undertaking new trading activities.

Liberalisations made by the Industrial Development Bank of India

3578. SHRI KUMARI ANANTHAN: Will the DEPUTY PRIME MINISTER AND MINISTER OF FINANCE be pleased state:

(a) the details of the liberalisation that have been made effective from 1st January, 1979 by the Industrial Development Bank of India in its refinance scheme for medium-sized units through the State Industrial Development Corporations,

(b) whether the IDBI has not accepted the proposal of extending the refinance limit to 100 per cent in those States which were backward because of the difficulty in defining such States; and

(c) if so, how Government propose to overcome this difficulty in defining the backward States in the country so that they can get 100 per cent refinance facility?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ZULFIQARULLAH): (a) The Industrial Development Bank of India has made the following liberalisations in its refinance scheme with effect from 20-2-1979;

(i) Maximum amount of loan to an individual project eligible for refinance has been raised from Rs. 30 lakhs to Rs. 60 lakhs for State Industrial Development Corporations;

(ii) The stipulation that term loan given by State Industrial Development Corporation to be eligible for refinance should be for a minimum amount of Rs. 5 lakhs in respect of medium sized units has been removed;

(iii) The ceiling on the sized of the projects (project cost) eligible for refinance has been enhanced from Rs. 1.5 crores to Rs. 2 crores; and

(iv) Extent of refinance in respect of medium-scale units located in non-backward districts has been raised from 80 per cent to 90 per cent.

(b) and (c). The refinance is provided by the Industrial Development Bank of India upto 100 per cent of the loans to units set up in all specified backward districts/areas in all States.

Third Airlines in North Eastern Region

3579 SHRI SACHINDRA LAL SINGHA: Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) whether any proposal has been received for the third Airlines in North Eastern Region State;

(b) if so, the details of the proposal thereof, and

(c) the details of the action taken up to date?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI PURUSHOTTAM KAUSHIK): (a) and (b). Recommendations were received from Secretary, North Eastern Council, for inclusion of eight places in the Third Level Operations, viz., Umroi, Kailashar, Aizawl, Tezu Pasighat, Along, Zero and Daporijo.

(c) The Committee on Third Level Air Services considered the recommendations from all aspects, and with some modifications recommended the following 9 places in the North Eastern Region to be served by Third Level Operations:—

1. Arunachal Pradesh—

- (i) Itanagar
- (ii) Along
- (iii) Zero