

The country-wise details of exports are available in the Foreign Trade Statistics of India Monthly/Annual bulletins published by the DGCI&S, Calcutta, copies of which are placed in the Parliament Library.

(d) to (f) Some of the problems faced by the floriculture units are, inability to repay loans to financial institutions due to lower than anticipated returns, low productivity and poor price realisation, high freight costs and high interest incidence. The exports of floriculture items, however, have not declined. Some of the steps taken to enhance production and boost exports of floriculture products include: provision of soft loans for setting up of grading/processing centres, auction platforms, quality testing equipment, provision of financial assistance to exporters/growers/Cooperative Societies for development of infrastructural facilities such as for purchase of specialised transport units (reefer containers), establishment of pre-cooling/cold storage facilities, etc; Grant of financial assistance for improved packaging and strengthening of quality control; arranging promotional campaigns abroad and participation in important international fairs, flower shows and exhibitions; establishing walk-in-type cold storages and integrated cargo handling and cold storage facilities at various International Airports; and grant of air freight subsidy for exports of floriculture products.

[Translation]

Industrial Sickness

*143. DR. MADAN FRASAD JAISWAL :
SHRI MOHAMMAD ALI ASHRAF FATMI :

Will the Minister of INDUSTRY be pleased to state:

(a) whether the Government have analysed the reasons for industrial sickness in the country;

(b) if so, the details thereof alongwith the main factors responsible for sickness;

(c) whether the Government have received representations from some Members of Parliament for revival of industrial units in Bihar;

(d) if so, the details thereof; and

(e) the steps being taken by the Government for removal of industrial sickness in the country, particularly in Bihar?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT) : (a) and (b) Data on sick industrial units in the country assisted by banks is compiled by the Reserve Bank of India. According to it, a number of causes, both internal and external, often operating in combination, are responsible for industrial sickness. Main causes include deficiencies in project management, marketing, etc.

(c) and (d) Yes Sir. These relate to revival of sick industrial units and economic development of Bihar, etc.

(e) Government have taken a number of steps for revival of sick industrial units which, *inter alia*, include guidelines of Reserve Bank of India to banks, amalgamation of sick units with healthy units, setting up of Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Companies (Special Provisions) Act, National Renewal Fund, etc.

[English] Foreign Direct Investment 24-35

FDI in Cigarette Industry

*148. SHRI MADHAVRAO SCINDIA :
SHRI KRISHAN LAL SHARMA :

Will the Minister of INDUSTRY be pleased to state:

(a) whether the Government have reviewed its move to allow 100% Foreign Direct Investment (FDI) in cigarette industry;

(b) if so, the major advantages to the economy by permitting such investment;

(c) the extent to which it is likely to go against the interests of indigenous bidi industry especially cottage industry and the workers engaged therein; and

(d) the final decision taken by the Government in the matter?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT) : (a) to (d) The existing guidelines for consideration of Foreign Direct Investment (FDI) proposals by Foreign Investment Promotion Board (FIPB) do not stipulate any ceiling on the extent of foreign equity participation, *inter alia*, in sectors pertaining to consumer non-durables, which include cigarettes. However, as there has been no precedent of 100% FDI approval in cigarettes so far, it was felt necessary to clarify the position *vide* Press Note No. 11(1998 series) dated 27th August, 1998,

that proposal for manufacture of cigarette with FDI upto 100% shall be considered by FIPB subject to the provisions relating to compulsory licensing under the Industries (Development & Regulation) Act, 1951. This has been done with a view to lending greater transparency in decision making.

Beedis and cigarettes generally cater to different market segments as is evident from the Beedi industry already co-existing with a growing domestic cigarette industry. Beedi workers are not likely to be adversely affected with the induction of 100% foreign direct investment as it encourages competitiveness only in the cigarette sector.

There has been no subsequent change in the guidelines relating to foreign investment in tobacco and cigarette industry.

Indian Currency
Fake Notes

5-36
*149. **SHRI VITHAL TUPE** : Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been drawn to the news-item captioned "Panic in RBI over fake of Rs. 500 notes" appearing in the 'Hindustan Times' dated November 20, 1998;

(b) if so, the facts of the matter reported therein;

(c) whether any inquiry has been conducted in this regard;

(d) if so, the outcome of the inquiry;

(e) the steps being taken or proposed to be taken by the Government to stop the circulation of fake notes; and

(f) the position of circulation of fake notes of Rs. 500 in the metropolitan cities?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) Yes, Sir.

(b) During the course of routine examination of note remittance received from the local J.M. Avenue branch of Bank of Baroda 68 fake notes of Rs. 500 denomination (old design) were detected at the Reserve Bank of India, Calcutta on 12th November, 1998.

(c) and (d) The RBI, Calcutta has lodged an FIR with the local police and handed over the fake notes to them for investigation. The case is under investigation by the police.

(e) In order to make the counterfeiting of Indian currency notes, most difficult, the Government has introduced a new series of notes with a new design and additional security features. These features are considered to be the best available in the note printing field in the contemporary world.

Besides, RBI also issues Press Releases, from time to time, to enable the public to distinguish between genuine and fake currency notes. RBI has also advised all its Issue Offices and the currency chest branches of the commercial banks about the existence of fake notes in Rs. 500 denomination of old design. Standing instructions have already been issued by RBI to these banks to impound all fake notes tendered over their counters etc. and forward them to the police authorities for necessary investigation.

(f) During the period January to December, 1998, 2921 fake notes of Rs. 500 denomination were detected at the different offices of RBI.

5-37

Foreign Direct Investment

*150. **SHRI ASHOK NAMDEORAO MOHOL** : Will the Minister of INDUSTRY be pleased to state:

(a) whether the Foreign Direct Investment has been affected due to the East Asian crisis;

(b) if so, the details thereof;

(c) whether the Government have emphasised on FDI to bridge the gap of saving and investment rates during the Ninth Five Year Plan Period; and

(d) if so, the details thereof?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT) : (a) and (b) Foreign Direct Investment (FDI) flows are determined by several factors such as domestic economic conditions, FDI Policy regime, strategies of global investors and world and regional economic trends. The East Asian Crisis has been largely attributed to excessive short-term debt exposure on the external front resulting in large scale currency crisis and capital flight. Similarly, excessive exposure to the real estate sector and stock markets, both of which are highly volatile in nature, have accentuated the crisis.

India, unlike the East Asian economies, has pursued a cautious and calibrated policy towards capital account convertibility and the total exposure of the financial sector to real estate, stock markets and short term external