

very sound and the total cost of operations of the mining and finally the total off-take of the export of iron ore through MMTC which is a canalised item is not very encouraging. Already we have incurred the loss last year to the tune of about Rs. 4 crores and in the current year the estimation is about Rs. 12 crores. Even if we want to go out, we cannot go out of the market or get out of the market.

DR. V. VENKATESH : Mr. Speaker, Sir, my State is rich in minerals from coal to iron. Particularly in Kudremukh iron ore in Chikmagalur district we have got huge mass of iron ore. A huge mass of iron ore is available there, but previously there was a proposal to export this iron ore to other countries, Iran and Iraq. Therefore, I would like to know from the Minister whether he is going to exploit it to the world market as far as this huge mass of iron ore in Karnataka is concerned.

SHRI P.R. DAS MUNSI : I have already explained to the hon. Member just now and I would like to inform the House that our iron ore exploitation in the country is not a problem. Our problem is to find a better market, our problem is to get a good price and I have already stated in the House that the world steel production is stagnant and the main market of ours is Japan and Korea, not very sound enough, but after the Hoyundai project our offtake to Korea and Japan will improve.

In so far as finding more areas of mining is concerned, I hope the hon. Member will refer the matter to the Mining Ministry, the M.M.T.C and Oil Ministry. If the proposal comes through them, we shall look into it.

SHRI SRIBALLAV PANIGRAHI : As you know, Orissa is quite rich in minerals particularly iron ore. The figures of export of iron ore had been indicated in the reply—for three years 1984-85, 1985-86 and 1986-87. I would like to know from the hon. Minister how much of it was from Orissa and what was the quantity out of that which was routed through Paradip and Vizag and how is it that Paradip's full capacity was not utilised and a part was diverted through Vizag outside Orissa.

SHRI P.R. DAS MUNSI : Sir, I have already informed the hon. Member just before, the total offtake of Vizag port and the Paradip port was a huge quantity of iron ore. The entire Orissa operation is conducted through Paradip port but I would like to inform the hon. Member that it is a fact that this year's out-turn was not substantially higher in the sense that we have our contract with Rumania. They could not nominate the vessels yet. The problem that they are faced with is the generation of rupee funds because we deal with them in rupee. We could not import a substantial quantity of urea and many other things, that is why they could not generate the rupee. But very recently we had a meeting on this and issues are being sorted out. The moment they nominate the vessels we hope a further quantity of 105 tonnes of iron ore from the Paradip port will be sent.

SHRI SRIHARI RAO : I want to know from the hon. Minister : Is it a fact that more iron ore is being exported from the Kakinada Port ? If so, what steps the Government is taking to facilitate the exporting of more iron ore from the Kakinada Port ?

SHRI P.R. DAS MUNSI : I am sorry I have figures with me only of the Vizag port, Madras port, Paradip, Mormugoa, and if Kakinada is included within the others—there is a group of other small ports—the exact figure of that particular port is not with me.

MR. SPEAKER : You can send it.

SHRI P.R. DAS MUNSI : It is clubbed with other ports. If he wants, I can collect and send it to him.

Foreign Holdings by Indian Companies

*528. **SHRI H.M. PATEL :** Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that recently several Indian companies have acquired foreign holdings of several foreign firms based in India ;

(b) if so, what are the details thereof (during the year 1986-87 and upto 30th October, 1987) ; and

(c) whether the Reserve Bank of India has recently permitted any company to acquire the foreign holding of such foreign firms based in India ?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI) : (a) The Reserve Bank of India has reported that no Indian company has acquired foreign holdings of foreign firms based in India.

(b) Does not arise.

(c) No, Sir.

SHRI H.M. PATEL : Will the Minister be good enough to inform the House what the policy of the Government is in regard to Indian firms acquiring foreign companies ? What does it consider ? Does the Government consider it as a welcome one in view of the foreign exchanged involved in that ?

SHRI B.K. GADHVI : So far, only one Indian company had requested the Reserve Bank, that was Bajaj Auto Limited to purchase the Leyland International Holdings Limited, U.K. which is holding 39.04% equity of Ashok Leylands Ltd., and 59.06 per cent equity of Ennore Foundries Ltd. But Government in view of the foreign exchange paucity, did not find it possible to grant the permission. And there is no other application which has come through. But this case was recommended by the Reserve Bank, but the Government could not accept it.

SHRI H.M. PATEL : Is it not a fact that a large number of Indian companies have acquired foreign owned companies in India, not necessarily in the current year but in the previous years. If so, what I enquired was, what is the policy of the Government in regard to this matter. Do they consider it as a good proposition for the country or not ? If not, why ?

SHRI B.K. GADHVI : Normally on case-to-case basis, if an Indian company wants to acquire any foreign company, then, they have to seek the permission of the Government. Normally the Reserve Bank scrutinises such applications and they grant the permission.

SHRI G.G. SWELL : What is the policy ?

SHRI B.K. GADHVI : It cannot be said in a general way whether it is good or not. It is because, it can only be examined on case-to-case basis. There might be cases where Indian companies siphon out funds abroad. There can be some cases of Indian companies siphoning out funds abroad and purchasing something. (*Interruptions*).

SHRI H.M. PATEL : Sir, I did not expound it and evidently the Minister finds it difficult to know what I want. I reiterate what I said. The point is, when an Indian company tries to obtain a foreign based company in India, from some point of view, there is definite advantage. From some other point of view, it is not an advantage. This is why, I said, what policy the Government has in regard to it. Does it welcome it ? Does it generally welcome it ? Does it think that foreign exchange involved in such matters is well worthwhile. If so, what are the principles which determine, which make them feel that the foreign exchange spent is worthwhile ?

SHRI B.K. GADHVI : This is exactly what I am answering. If an Indian company wants to purchase a foreign based company in India, then we would examine what kind of Indian company is purchasing, what kind of foreign company is that in India. That is why, I said, it is on case-to-case basis—what is the viability, how much foreign exchange that would go, how much they have to pay to the other people who are the foreigners. And all these things will be examined on case-to-case basis.

Tax Exemption to Churhat Children Welfare Society

*530. SHRI RAM BAHADUR SINGH : Will the Minister of FINANCE be pleased to state :