

3rd plan period being 81 against the target of 72 locomotives.

(c) (i) The main reasons for the shortfall in the production of diesel locomotives were the delay in procurement of imported components owing to foreign exchange difficulties, delay in delivery of certain imported equipment and tools, and the time taken to develop indigenous manufacture of components to reduce import content.

Necessary foreign exchange has now been released and orders placed for imported components to cover the production programme of the Diesel Locomotive Works upto the middle of 1968-69. Continued efforts are also being made to gradually reduce the import content so as to be able to produce more locomotives with a given amount of foreign exchange.

(ii) The reasons for the shortfall in the production of electric locomotives were—

(a) delays in the procurement of imported equipment owing to foreign exchange difficulties;

(b) delays in the supply of certain indigenous equipments which are being developed in the country for the first time.

Orders for the major imported and indigenous components for the production upto the middle of 1968-69 have since been placed. All efforts are made to urge expeditious supply of these components to adhere to the planned production in addition to sustained efforts for indigenous development of more and more items.

Internal Distribution by Foreign-owned Companies

840. Shri C. C. Desai: Will the Minister of Industrial Development and Company Affairs be pleased to state:

(a) the practice being followed in respect of allowing foreign-owned

companies or the companies with foreign capital to engage themselves in the internal distribution of commodities whether produced in India or imported from abroad;

(b) whether Government are aware that the practice in this matter differs widely from the policy laid down in the Industrial Policy Resolution; and

(c) the steps proposed to be taken to enforce the principle laid down in the Industrial Policy Resolution that foreign capital or foreign know-how is not required for internal distribution or internal commerce?

The Minister of Industrial Development and Company Affairs (Shri F. A. Ahmed): (a) to (c). The practice is to discourage foreign-owned companies or the companies with foreign capital to engage themselves in the internal distribution of commodities whether produced in India or imported from abroad.

2. To enforce this policy, the Foreign Exchange Regulation Act, 1947 was amended in 1964 so that foreign companies and foreign controlled Indian Companies/firms or persons shall not accept, without prior permission of the Central Government or the Reserve Bank of India, appointment in India as agent or technical advisers or management advisers to any person, firm or company. As a result of this amendment, which came into force from the 1st April, 1965, it is possible to check foreign and foreign controlled companies from undertaking purely trading activities.

Seniority in the Diesel Locomotive Works, Varanasi

842. Shri Sarjoo Pandey: Will the Minister of Railways be pleased to state:

(a) whether it is a fact that in the Diesel Locomotive Works, Varanasi, the Principle for determining the seniority under GM/DLW—Varanasi's Circular No. 31-E(Spl.)|Seniority|64, dated the 11th August, 1966 is not as per rules laid down by the Railway Board; if so, the reasons therefor;