

**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.