

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) and (b). The Reserve Bank of India received an application under Section 19(5) of the Foreign Exchange Regulation Act, 1973 from British India Steam Navigation Co. Ltd., London for permission to transfer 10,00,000 equity shares of Rs. 10/- each of the total face value of Rs. 1 crore held by the U.K. company in Mackinnon Mackenzie and Co. Ltd. to a private party. The shares were proposed to be sold at a price to be fixed by the Reserve Bank of India. However, in view of the Indian company's present financial position, the U.K. company did not expect a consideration of more than a normal value of Re. 1/- for the entire shareholding. The proposal also provided for waiver by British Steam Navigation Co. Ltd. of an interest-free loan of Rs. 67.50 lakhs granted by it to Mackinnon Mackenzie and Company Limited in the year 1967.

(c) and (d). As the proposal has been rejected by the Reserve Bank of India the question of taking any action to stop any alleged malpractice of underhand dealing does not arise.

Disputes between Bank of India and Andhra Steel Corporation Limited

7399. SHRI S. M. KRISHNA:

SHRI K. LAKKAPPA: Will the Minister of FINANCE be pleased to state:

(a) whether all disputes between Bank of India and Andhra Steel Corporation Limited, Calcutta relating to repayment of Rs. 4 crores have since been settled;

(b) if so, the details thereof and when it is likely to be implemented in letter of spirit;

(c) whether one of the group, which has taken and misused foreign exchange loan from the Bank for an Indonesian Joint Venture project, has been preventing the above settlement to come into vogue; and

(d) if so, the action being proposed to be taken and details of objections.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI MAGANBHAI BAROT): (a) Settlement of all dues of Andhra Steel Corporation Ltd. (ASC) to Bank of India and Dena Bank has been arrived at Rs. 5.05 crores, subject to the approval of Calcutta High Court in the suit filed by the above banks against ASC and the guarantors.

(b) Settlement envisages:

(i) Sale of ASC's Dankuni Plant in West Bengal for Rs. 2.15 crores.

(ii) Payment to banks of the sales proceeds by 10 per cent cash down payment and the balance by instalments guaranteed personally by directors of the purchaser company and secured by equitable mortgage of Dankuni Plant.

(iii) Payment by ASC of balance dues amounting to Rs 2.90 crores in instalments secured by equitable mortgage of ASC's plants at Bangalore and Visakhapatnam.

Implementation of the agreement is possible after filing of consent terms in Court and obtaining its decree. Consent terms are ready for filing in Court since 23-5-1980, but could not be filed owing to a Court Injunction obtained on 24-5-1980 by a group of promoters no longer in management.

(c) and (d). One of the two groups of promoters no longer in management obtained Court injunction on 24-5-1980 restraining sale of Dankuni Plant which is part of the settlement. Initially court injunction was effective upto 4-6-1980, but has since been extended upto 12-8-80.

The details of objections raised for getting the Injunction Order are as below:—

(I) ASC has no power to approve settlement.

(II) Consent of general body of shareholders is necessary for the above settlement.