

(b) and (c) There were some unintended imports of coconut oil under the import policy for 1980-81 as a result of an interpretation of the policy by the appellate authority. It was felt that what was canalised through STC was only the edible grade of coconut oil and that non-edible grade could be imported under Open General Licence. In 1981-82 policy, even this possibility of import was removed by making it clear in the policy that import of both edible and non-edible grades was canalised. In view of the position clarified in the policy, the appointment of a Committee of Members of Parliament to help in this matter is not considered necessary.

Representation of Public Financial Institutions on the Board of Directors of the Borrowing Companies

959. SHRI BRIJAMOHAN MOHANTY : Will the Minister of FINNACE be pleased to state :

(a) whether it is a fact that in ninety seven companies Government and public financial institutions have more than 25 per cent of equity share holding but their representation in Board of Directors is not proportionate to their financial interest;

(b) whether it is also a fact that representatives of Government and public financial institutions represented in the company are taking a very passive role in this field; and

(c) if so, the steps Government have taken to rectify this situation ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) As per the policy of the Government the financial institutions appoint their nominees on the Board of all assisted companies where financial assistance sanctioned is Rs. 100 lakhs or more. In cases where the assistance sanctioned is less than Rs. 100 lakhs, the institutions are to use their discretion in appointing their nominees. As per the latest information available with Industrial Development Bank of India (IDBI) as on 31.3.1983, the financial institutions had

appointed 803 nominee directors on the Boards of 1212 companies. As one or two nominees of the institutions look after the interests of all the institutions and as the system has been working to the satisfaction of the institutions the need for representation on the Board of assisted concerns proportionate to equity holdings has not been felt.

(b) It is not correct to say that the nominee directors have a passive role on the Board of Directors of the assisted concerns. As per the policy of the Government, the nominee directors of financial institutions are not expected to concern themselves with the day-to-day management of the assisted companies. They assist the management in taking important policy decisions particularly in the area of financial management. The nominee directors help to safeguard not only the interests of the assisted concerns and the institutions but also the interests of sound public policy. The nominee directors generally keep the institutions fully acquainted with the affairs of the concerns.

(c) A High Level Committee has been set up by the Government to look into various aspects relating to investments made by public financial institutions in private sector companies. One of the terms of reference of the Committee is to suggest appropriate guidelines for Directors nominated by the financial institutions in such companies.

Extension of Wealth Tax to Jammu and Kashmir State

960. SHRI MADHAV RAO SCINDIA : Will the Minister of FINANCE be pleased to state :

(a) Whether Government's attention has been drawn to a reported judgement of the Jammu and Kashmir High Court questioning the extension of the Wealth Tax Act to that state :

(b) If so, what was the precise order passed by that High Court in this regard.