

increase of about 70 per cent in the production of coins. The incentive scheme has also been introduced in the Hyderabad Mint with effect from 8th April, 1983, and in the Calcutta Mint with effect from 4th July, 1983 which has resulted in an increase of over 50 per cent in the production of coins in both the Mints. The number of working hours per week per shift have been increased from 48 to 54. Similarly, the number of working days is also being increased to the extent possible under the provisions of the Factories Act. New coining presses have been ordered for the Hyderabad Mint to strengthen coining capacity. The 20-paise coin has also been re-introduced so as to reduce the demand for ten paise coins. As a result of these measures, it is expected that production of coins will be at least about 960 million pieces in 1983-84 against 660 million pieces in 1982-83.

Besides, long-term measures like introduction of additional shifts wherever possible are under consideration.

Holdings of Financial Institutions in Equity Capital of DCM and Escorts Limited

1104. SHRI GULSHER AHMED :
DR. VASANT KUMAR PANDIT : Will the Minister of FINANCE be pleased to state :

(a) the extent of holdings of financial institutions in the equity capital of DCM and Escorts Limited ;

(b) the extent of holdings of shares by Sarvashri Bharat Ram and Charat Ram and their family members in DCM and Shri H.P. Nanda and his family members in Escorts ;

(c) how is it that the managements of said companies are in the hands of the families of Sarvashri Bharat Ram and Charat Ram and Shri H. P. Nanda while bulk of the equity capital is held by the public sector financial institutions ;

(d) what control/safeguards are being exercised by the financial institutions to

safeguard their own interests and also the interests of the minority shareholders ; and

(e) would Government consider strengthening of control by the financial institution of on such companies in order to save exploitation of funds/assets of the companies and also restore investors' confidence in the working of Indian Companies ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) As per the information furnished by the Industrial Development Bank of India (IDBI), as on 31.3.1983 and 31.12.1982 respectively the financial institution held 41.58% of the paid up equity capital of DCM and 52.23% of the paid up equity capital of Escorts Ltd.

(b) As per the information furnished by the IDBI, the promoters and their associates hold 11.00% and 9.98% of the equity capital of DCM and Escorts Ltd. respectively.

(c) Normally the institutions do not seek to manage the assisted companies even if they have major share holding.

(d) Institutions have several provisions in their loan agreement which require the assisted companies to seek the prior approval of the institutions various important matters, such as constitution of the Board appointment of whole time director and senior management personnel investment policy undertaking of new expansion/diversification of projects, etc. The institutions also obtain periodical progress report on the operations of their assisted concerns and appoint nominee directors where the loan assistance sanctioned is Rs. 100 lakhs or more. Through all these measures, the institutions safeguard not only their own interest but also ensure that the affairs of the assisted concerns are not carried on in a manner prejudicial to the interest of the share holders at large or the general public.

(e) A High Level Committee has been set up by the Government to look into the various aspects relating to investments made by public financial institutions in the assisted

companies. This Committee will look into inter alia, the existing system adopted by the financial institutions for safeguarding the public interest in the invested companies and to suggest measures for effecting improvement therein as also devising of appropriate guidelines for Directors nominated by the financial institutions in such companies.

Government will bear in mind the need for strengthening the control by the financial institutions in the interest of the companies and investors.

Restriction on Investment by non Residents

1105. SHRI GULSHER AHMED : Will the Minister of FINANCE be pleased to state:

(a) whether various associations of industrialists in India and economists etc. had from time to time recommended to Government for liberalisation of facilities for investment by non-resident Indians and if so, details thereof ;

(b) whether it is a fact that when Government liberalised the facilities for such investment, some funds started flowing into country and certain non-resident purchased shares of certain companies through brokers, a hue and cry was raised by industrialists and their associates and if so, details thereof ;

(c) whether as result Government imposed certain restrictions on investments by non-residents and if so, details thereof;

(d) whether as a result of restriction imposed interest of non-residents for investment in India has considerably receded; and

(e) if so, action contemplated by Government to restore confidence amongst the non-resident Indians and also to restore public confidence in stock exchange?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE) : (a) There have been representations from various quarters including the industrial houses themselves,

the Chambers of Commerce and representative organisations of non-resident Indians that the investment facilities available to non-residents of Indian nationality/origin have been inadequate to encourage adequate flow of funds into the private corporate sector in India.

(b) During the period from 1st March 1983 to 2nd May, 1983, 80,000 shares of DCM Ltd. and 75,000 shares of Escorts Ltd. were purchased on behalf of each of 13 U.K. based overseas companies.

In other words 10,40,000 DCM shares and 9,75,000 Escorts shares have been purchased constituting 12.95 per cent of the total paid up capital of Rs. 20.06 crores of DCM and 7.29 per cent of the total paid up capital of Rs. 13.38 crores of Escorts Ltd. As a result of the heavy purchases effected by these companies in the shares of DCM and Escorts a section of the industrialists made representation for imposition of restrictions on investments by non-residents as they apprehended danger to their managements.

(c) In order to allay the apprehension in the minds of the Indian industrialists, an overall ceiling of 5 per cent of total paid up equity capital of a company and a similar ceiling on the existing convertible debentures of each series of the company in respect of investments by non-resident Indian investors imposed under the liberalised scheme of portfolio investment. This ceiling now applies to both repatriable and non-repatriable investments.

(d) There is no evidence indicating that as a result of the overall ceiling imposed on the portfolio investment mentioned in reply to part (c) above the interest of non-residents for investment in India has receded;

(e) It has been repeatedly announced by Government that Government welcome investment in India by non-resident Indians and that concessions and facilities announced under this policy remain in force.