

quired by a number of parties. Since the business involved was substantial, the Indian Insurance Companies' Association circulated, among its members, a scheme for the formation of a consortium of insurance companies for providing the necessary cover. Ultimately, only 16 insurers, including New India Assurance Co. Ltd., and Oriental Fire & General Insurance Co. Ltd. (a subsidiary of the Life Insurance Corporation of India) agreed to join.

The consortium provided hire-purchase indemnity cover in respect of 548 jeeps solely by M/s. Mahindra & Mahindra Ltd. in the normal course. It is gathered that these jeeps were purchased on hire purchase basis for the use of four political parties and some independents.

The Consortium handled the business in accordance with the commercial principles and practice. It duly considered all requests for hire-purchase indemnity covers. The Premiums under these policies were collected in each and every case and paid to the insurers. The cover notes were issued on the spot. For this purpose it was not considered necessary to insist on proposal forms particularly because the risk was of a standard nature. Issue of policies subsequently, as having effect from the date of risk assumed in the cover note, was also in accordance with the normal practice in insurance. Further, where claims were paid, action was taken by the insurers to recover the amount from the hirers.

Information as regards the manner in which instalments were received by the finance companies and the action taken by them to recover their dues is not available. However, neither New India nor any other insurer confiscated any vehicle. For this reason the insurers were not concerned with the collection of Sales Tax.

*Allegations (iii) & (iv):* the allegations are being looked into.

**Permission to Indian Companies for using Trade names of Foreign Companies**

5232. SHRI MADHU LIMAYE;

SHRI PATTABHI RAMA  
RAO:

Will the Minister of FINANCE be pleased to state:

(a) whether Branches of foreign companies operating in India have been permitted by Government to allow the Indian Companies the use of their Trade Names for compensation;

(b) if so, the amounts received by the Branches on this account;

(c) whether Government are aware of the practice of foreign companies to expand their capacities at the expense of indigenous industry by the device of 'licensing' and 'contracting' other companies to produce their goods; and

(d) the names of the companies indulging in these practices, the compensation received by them under "licensing" as also the share of their total production under "contracting out" to other companies?

THE MINISTER OF FINANCE  
(SHRI YESHWANT RAO CHAVAN):

(a) Under the existing exchange control regulations branches of foreign companies in India are treated as "Residents" and they do not need Government's or Reserve Bank's permission for lending trade names to resident Indian companies. It may be possible to regulate such activities of branches of Foreign Companies after the Foreign Exchange Regulation Bill, which is before the Parliament, is enacted.

(b) In view of the above the requisite information is not available.

(c) and (d). Under the new licensing policy foreign companies are required to obtain industrial licence for

expansion and diversification. Some of the foreign companies might have indulged in such contracting or sub-licensing which did not come under the purview of the Industries (Development and Regulation) Act, 1951. The provisions of the existing Foreign Exchange Regulation Act were also found to be inadequate to deal with such cases. However, it should be possible to deal with such cases under the Foreign Exchange Regulation Bill, which is at present before the Parliament.

**Registration of Foreign Companies under Companies Act**

5233. SHRI MADHU LIMAYE: Will the Minister of FINANCE be pleased to state:

(a) whether Government intend to compel by legislation foreign companies and their subsidiaries/branches to register themselves under the Companies Act; and

(b) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN):

(a) There is no proposal to amend the Companies Act, 1956, to compel foreign companies as defined in Section 591 of the said Act to register themselves as companies thereunder.

(b) The provisions proposed in Clause 31 of the Companies (Amendment) Bill, 1972, now before the Joint Committee of Parliament, are considered to be sufficient.

**Restrictions on Repatriations by Foreign Companies**

5234. SHRI MADHU LIMAYE:

SHRI PATTABHI RAMA RAO:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering the desirability of restricting repatriation by foreign companies

operating in India under the Indian Companies Act or by foreign companies through their Branches of profits, expenses, etc., proportionate to their equity participation or the capital of its Indian Branch;

(b) if so, what percentage of equity or capital of the Indian Branches would be permitted as maximum repatriation; and

(c) whether Government are also considering asking foreign companies in non-priority sector with a capital of more than Rs. 25 lakhs to disinvest their holdings in India?

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN):

(a) No, Sir.

(b) Does not arise.

(c) No, Sir. After the Foreign Exchange Regulation Bill is enacted, the cases of all foreign branches and companies with more than 40 per cent foreign shareholders operating in non-priority sectors will be reviewed on a case by case basis.

विश्व बैंक से भारत को दी जाने वाली सहायता में कमी

5235. श्री घनश्याम प्रधान : क्या वित्त मंत्री यह बताने का कृपा करेंगे कि -

(क) क्या विश्व बैंक के अध्यक्ष श्री मैकनमारा ने वाशिंगटन में, अमरीका में रह रहे भारतीय राजदूत को इस बात का संकेत दिया है कि विश्व बैंक से भारत को दी जाने वाली सहायता में कमी होगी ?

(ख) क्या उन्होंने इस बात पर भी दुःख व्यक्त किया है कि भारत में हरिन क्रांति का लाभ केवल बड़े किसानों को मिला है और

(ग) यदि हाँ, तो इस पर सरकार की क्या प्रतिक्रिया है ?