

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:288
ANSWERED ON:11.08.2000
PURCHASE OF CEMENT INDUSTRIES BY MNCs
MOHAMMED SHAHABUDDIN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the percentage of shares of Indian cement industries bought by each of the multi-national Company including Lafarge, Blue Circle, Italcementi and Cemex during the liberalisation period;
- (b) the total funds invested by these MNCs after taking over the management of Indian cement industries;
- (c) whether these MNCs have taken financial assistance from the Indian banks / financial institutions for the purpose;
- (d) if so, the reasons for allowing MNCs to get financial assistance from the Indian financial Institutions instead of foreign exchange; and
- (e) the remedial measures taken by the Government to curb such activities of MNCs particularly in such cases where management of Indian companies are taken over by these MNCs?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN)

(a) to (e) A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION No.288 FOR 11.8.2000 REGARDING PURCHASE OF CEMENT INDUSTRIES BY MNCs

(a) & (b) A statement showing the approvals given by the Government to foreign companies to invest in existing Indian companies, since 1991, is attached.

(c) to (e) Acquisition of shares in an existing company is permitted only if supported by a board resolution of the company and in accordance with relevant guidelines of SEBI / RBI. However, the decision regarding financing of a particular economic activity by granting loans to companies is taken by banks and financial institutions based on their commercial judgement and the lending policy laid down by their respective boards within the framework of prudential regulations and exposure norms prescribed by RBI.

Annexure

Statement referred to in reply to Part(a) of Lok Sabha Starred Question No. 288 for answer on 11.8.2000.

Foreign Companies who have acquired shares in Indian companies in Cement Sector

S.No.	Name of the Foreign Company	Name of the Indian Company	Activity	%age of foreign equity allowed	Location	Whether by acquisition/ induction
-------	-----------------------------	----------------------------	----------	--------------------------------	----------	-----------------------------------

1.	M/s Lafarge	M/s Lum Mawshun Mining & Surma Cement Minerals Pvt. Ltd.,	Export of Limestone	74%	Meghalaya	Induction
		France Ltd.	US\$74,000			
		(13.9.96)	1US\$=Rs.43/-			

2.	M/s F.L.Smith & Co. A/S,	M/s Saurashtra Cement Ltd.	Setting up Cement Plant	54.53%	Near Porbandar	Expansion
	Denmark.		(Rs.16.36 cr)		Gujarat	
		(18.9.96)				

3. i) M/s Eteroutremer M/s Eternit Mfg. of Asbestos 49.46% New Delhi Expansion
Societe Anonyme, Everest Ltd. and Non-Asbestos to 50%
Belgium and other allied (Rs.8,00,100/-
ii) M/s Nefibouw building materials at par)
B.V., The Netherlands. (cement products)
(Both are WoS of (5.4.2000)
Etex Group)

4 M/s. Financiere Setting up a 100% Singhbum, Initially
Lafarge, France holding company (Rs.200 crore Bihar setting up
and further an to go upto holding co.
operating company Rs.600 crore) then
to acquire Cement acquisition
Division of Tata Iron through
& Steel Company. downstream
(19.2.99) Company

5 M/s Blue Circle M/s Straw Expansion of No equity - (technical
Ind. Pld.U.K. Products Ltd. cement plant collaboration)

6 M/s. Italcementi - - - - -

7 M/s. Cemex - - - - -