

[Translation]

Relaxation by RBI to Foreign Banks

*275. SHRI RAMPAL SINGH :
SHRI ANAND RATNA MAURYA :

Will the Minister of FINANCE be pleased to state :

(a) whether some foreign banks operating in India has represented to the Government that they should be permitted to remit their surplus funds and profits to their countries without clearance from the Reserve Bank of India (RBI);

(b) if so, the details of the existing practice with the genesis thereof and the grounds on which the foreign banks had sought relaxations;

(c) whether the Government have acceded to some of their requests/demands;

(d) if so, the details thereof indicating the benefits that may accrue to India by relaxing the existing practice;

(e) whether Indian banks operating in foreign countries have also been facing any hurdles in remitting their surplus funds and profit to India;

(f) if so, the details thereof; and

(g) the measures taken by the Government to ease the difficulties faced by Indian Banks in foreign countries?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) to (d) As per the practice followed hitherto, foreign banks were required to obtain RBI's prior approval for remittance of not profits/surplus to their Head Offices abroad. There was no general restriction on remittance of profits/surplus by foreign banks and hence there was no need for such banks to seek any relaxation in RBI's policy on remittances. By a circular dated 4th June, 1998, RBI has only done away with the need for prior approval which is in line with the policy decision to allow remittances on account of current transactions without restrictions.

(e) No, Sir.

(f) and (g) Do not arise.

[English]

Decline In Export of Automobile

*276. SHRI P. UPENDRA : Will the Minister of INDUSTRY be pleased to state :

(a) whether export of automobiles has fallen substantially during 1997-98;

(b) if so, the reasons therefor; and

(c) the steps being taken by the Government to remedy the situation?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT) : (a) In terms of number of vehicles exported, while some categories such as Multi-Utility Vehicles, Light Commercial Vehicles, Scooters and Mopeds, have shown positive export growth rate, overall export of automobiles in 1997-98 was approximately 5% lower than that during 1996-97.

(b) Export performance is influenced by a variety of factors which include international market conditions, infrastructural facilities, trends in world trade etc. During 1997-98, exports were adversely affected by a general slowdown in world trade and especially the recession in many countries in South East Asia, Japan and Germany.

(c) Some of the recent steps taken for promoting exports of industrial products include modification in DUTY ENTITLEMENTS PASS BOOK (DEPB) rates, announcement of DEPB rates for about 300 new export items, preparation of a medium term export strategy for growth of exports, launching of Focus Latin American Countries Scheme, strengthening of Incentive schemes and such other measures.

Foreign Capital Inflow

*277. SHRI N.K. PREMCHANDRAN : Will the Minister of FINANCE be pleased to state :

(a) whether depreciation in the value of Indian Rupee caused slow down in the foreign capital inflow through the external commercial borrowings;

(b) if so, the foreign capital earned after the present Government took office through the external commercial borrowings;

(c) whether there is any decline in the foreign capital as compared to the corresponding period last year;

(d) if so, the reasons for such decline; and

(e) the steps proposed to be taken for strengthening the base of foreign capital?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) The decision of Corporates to borrow externally depends on several factors including exchange rate movements, interest rates prevailing in the domestic and international markets etc.

(b) Approval of ECB from April 01, 1998 to June 30, 1998 is USD 1430.85 million.

(c) After ECB approvals, companies are permitted a minimum of six month to financially close and agreement taken on record. Hence comparison may not be meaningful at this stage.

(d) In view of (c) above, does not arise.

(e) ECB is resorted to by Indian corporates only if at the margin the comparative advantage of borrowing externally is greater and domestic borrowings.

[Translation]

Credit Cards

*278. SHRI PANKAJ CHOUDHRY :
SHRI RAMKRISHNA BABA PATIL :

Will the Minister of FINANCE be pleased to state :

(a) whether public sector banks have incurred huge losses due to credit card business;

(b) if so, the corrective measures taken by the banks in this regard;

(c) whether the Government have taken a decision that prior permission of Reserve Bank of India is no more required to the banks for dealing with credit cards;

(d) if so, the details thereof; and

(e) the time by which the said decision is likely to be implemented?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) According to RBI out of six public sector banks who have issued credit cards independently and eight public sector banks who have credit cards in tie up arrangements with other card issuing banks, five have incurred losses for the year ended 31.3.97 and four have incurred losses for the year ended 31.3.98 on the credit card business.

(b) Regular follow up is made by banks in case of defaulters and all out efforts are made to contact the defaulters in credit card accounts to recover bank dues. Legal steps as deemed necessary are also initiated in case of chronic defaulters.

(c) to (e) Banks have been granted freedom *vide* RBI circular dated 2nd June, 1998 to undertake domestic Credit Card business either independently or in tie up arrangements with other card issuing banks. Such proposals are no longer required to be referred to RBI for prior approval. Banks have however been advised to conduct the credit card business on sound lines and with the approval of their Boards. Banks desirous of setting up a separate subsidiary for undertaking credit card business are required to obtain prior approval of RBI.

[English]

Promotion and Modernisation of Coir Industry

*279. SHRIN. DENNIS : Will the Minister of INDUSTRY be pleased to state the details of the steps taken by the

Government for the promotion and modernisation of Coir Industry in the country?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT) : The Government of India have taken several steps through the Coir Board for the promotion and modernisation of the Coir Industry in the country. Substantial Plan and non-Plan funds to the Coir Board are being provided by the Government on an increasing basis year after year particularly during the last 2-3 years. Plan outlay during IXth Plan for the Coir sector has been stepped up manifold by the Government. Assistance is also being provided to the States under the Integrated Coir Development Programme for promoting growth and development of the Coir Industry in an integrated manner.

Following are main activities being implemented by the Coir Board for the promotion and modernisation of the Coir Industry :

- (a) Undertaking scientific, technological and economic research and development activities.
- (b) Development of new products and novel designs.
- (c) Publicity for promotion of exports and internal sales.
- (d) Marketing of coir and coir products in India and abroad.
- (e) Preventing unfair competition among producers and exporters.
- (f) Carrying out training activities for grooming skills etc.
- (g) Assisting in setting up of factories for the manufacture of products.
- (h) Promoting cooperative organisations among producers of husks, coir fibre, coir yarn and manufacturers of coir products.
- (i) Ensuring remunerative returns to producers and manufacturers.

2. The Coir Board is implementing the above activities mainly through following schemes for the promotion and modernisation of Coir Industry in India:

1. SCIENCE AND TECHNOLOGY SCHEMES

1. Modernization of extraction and processing of coir fibre

- (a) Modernization of retting.
- (b) Bio bleaching, softening, dyeing and printing of coir.
- (c) Production of husk cubes and two tie and tie bristle fibre.

2. Development of Coir Machinery

- (a) Development of fully automatic spinning machine.