

Hawala Scam

2439. SHRI JANG BAHADUR SINGH PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether the investigation wing of the income-tax department has unearthed hawala scam in Mumbai amounting to Rs. 150 crores involving many leading corporates and institutions;

(b) if so, the details thereof; and

(c) the steps taken to tighten the grips around hawala racketeers?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSION AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE & INSURANCE) (SHRI KADAMBUR M.R. JANARATHANAN) : (a) Yes, Sir.

(b) and (c) The search and seizure operations conducted by the Investigation Directorate of the Income-tax Department at Mumbai has resulted in detection of large scale hawala operation which included issue of bogus bills for sales, services and expenses to various beneficiaries and bogus leasing of wind mills, without any assets. The funds arising out of these hawala transactions were found to have been either withdrawn in cash at the behest of the beneficiaries or diverted and siphoned off. Necessary further investigations as required are in progress.

Foreign Institutional Investors

2440. SHRI S.S. OWAISI : Will the Minister of FINANCE be please to state:

(a) The number of public sector companies and public sector banks approached the RBI to increase the ceiling of foreign institutional investors share holding in the respective banks and companies;

(b) the total number of proposals pending with RBI and the number of proposals cleared by the RBI during the last two years;

(c) whether there is an undue delay on the part of the Government to clear these proposals;

(d) if so, the reasons therefor; and

(e) the criteria adopted for increasing the ceiling of foreign institutional investors?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) and (b) 15 (fifteen) Public Sector Companies have been given permission to increase the Foreign Institutional Investors (FIIs) shareholding from 24% to 30% by Reserve Bank. The enhanced limit is not applicable to Public Sector Banks. 2 (two) proposals are pending clearance with RBI for want of additional information.

(c) and (d) Such proposals are cleared at the level of Reserve Bank if they are otherwise in order and do not require Government of India clearance.

(e) A revision in the aggregate portfolio investment limits by all FIIs, NRIs and OCBs from 24% to 30% of the issued and paid up capital of a company is permitted subject to:

(i) Approval by the Board of Directors of the Company to the enhanced limit upto 30%; and

(ii) A Special Resolution passed by the General Body of the company approving the enhanced limit upto 30%.

[Translation]

Growth Rate of Textile Production

2441. SHRIMATI SURYAKANTA PATIL : Will the Minister of TEXTILES be pleased to state:

(a) the growth rate of textile production during 1997-98 till April, 1998 as compared to previous two years;

(b) the reasons for sharp decline in the growth rate;

(c) the targeted growth rate fixed and the anticipated achievement likely to be made during the current year; and

(d) the steps proposed to be taken by the Government to step up the pace of textile production?

THE MINISTER OF TEXTILES (SHRI KASHIRAM RANA) : (a) Textile production and rates of Growth during the years 1995-96, 1996-97 and 1997-98.

Item	Unit	1995-96		1996-97		1997-98 (Provisional)	
		Production	Rate of Growth	Production	Rate of Growth	Production	Rate of Growth
Total Yarn (Spun Yarn+ Filament Yarn)	Mn.Kg.	2978	14%	3396	14%	3754	11%
Cloth	Mn.Sq.Mtr.	31891	11%	34813	9%	36701	5.4%

(b) Though the quantum of production of both yarn and cloth has increased the decline in the growth rate may be attributed to general recession in the economy during 1997-98.

(c) No specific targets have been fixed for growth rate and for textile production during the current year. However, the projected quantities of yarn and cloth for the current year i.e. 1998-99, 3736 Mn. Kg. and 36682 Mn. Sq. Mtr. respectively are expected to be achieved easily in view of the production figures of previous years.

(d) Major steps taken for achieving increase in production of textiles, including cotton textiles, are as follows:-

- (i) Removal of restrictions on the creation and expansion of capacity, subject only to locational guidelines
- (ii) Doing away with the requirement of licensing subject to locational requirements and conditions relating to SSI units and foreign collaboration.
- (iii) Permitting import of textile machinery under OGL and the reduction of import duty on such machinery imports.
- (iv) Intervention whenever necessary to ensure availability of the raw-material to the industry.

In addition, Government propose to set up a technology mission for cotton for improving production, productivity and quality of cotton. Government also has a proposal to create a Technology Upgradation Fund for textile and jute industries with the corpus of Rs. 25000 crores to provide finance to industry at concession rate of interest.

[English]

Burn Standard Company

2442. SHRI MAHBOOB ZAHEDI : Will the Minister of INDUSTRY be pleased to state:

(a) whether the Indian Standard Wagon Company Ltd. and Burn & Company Limited were taken over by the Government and subsequently nationalised them;

(b) if so, the reasons for nationalisation of the above companies;

(c) whether the Government have failed to modernise the above companies;

(d) if so, the reasons therefor;

(e) whether Burn Standard Company Limited and its units particularly, Refractory & Ceramic Group, Raniganj are incurring losses and referred to the Board of Industrial and Financial Reconstruction (BIFR); and

(f) if so, the details thereof alongwith the present status of the company?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI SUKHBIR SINGH BADAL) : (a) Yes, Sir.

(b) These companies were nationalised in public interest with a view to ensure rational and coordinated development and production of Railway rolling stock and other items.

(c) and (d) Government has provided Rs. 64.63 crore to the Company since nationalisation for investment in modernization etc.

(e) Burn Standard Co. Ltd., including its Refractory & Ceramic Units except Salem Unit, has been incurring losses. The Company was referred to BIFR on 27.11.1994.

(f) The details of last three years net loss of the Company are as under:-

(Rs. in Crore)	
Year	Net Losses
1995-96	(-) 86.31
1996-97	(-) 76.30
1997-98	(-) 85.29 (prov.)

The Company is currently incurring losses.

Disputes regarding Patenting

2443. SHRI K.P. NAIDU : Will the Minister of COMMERCE be pleased to state the details of the disputes India is facing over patenting and other related issues and action taken to solve those problems?

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE) : Two disputes regarding Patents have been instituted against India in the World Trade Organization (WTO).

In the dispute filed by USA, the allegation of USA was that India had not complied with Article 70.8 (provision of mailbox facilities for receipt of applications for product patent) and Article 70.9 (grant of exclusive marketing rights) relating to pharmaceutical and agricultural chemical products in the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The Panel as well as the Appellate Body found that India was required to discharge its obligations under Article 70.8 and Article 70.9 of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). India has indicated to the Dispute Settlement Body (DSB) its intention of discharging those obligations by 19th April, 1999.

The dispute filed by the European Communities against India is on exactly the same issue as the one filed