developing countries was discussed at the meeting of the International Development Committee of the International Monetary Fund and World Bank of in April 1985;"

What I ventured to say is that there are two different meetings, one is from the IMF, it is the Interim Committee and another is the Development Committee of the World Bank. Two meetings were held. In the reply what I stated is as follows about the steps taken :

"The Interim Committee noted with concern the severe debt servicing difficulties faced by many developing countrips and urged the creditors and debtors to work in co-ordination to restore the credit-worthiness of and investment climate in these countries through adequate flows of new lending on realistic terms and restructuring the past maturities of loans extended by private and official creditors."

AN HON. MEMBER : It is a long reply.

SHRI JANARDHANA POOJARY : That is why I stated that the reply is exhausive. To make it simpler I can say that the suggestions that have been made there are accepted to see that free flow of credit for developing countries, should continue. That is one, and the terms of the assistance should be liberal and on realistic basis. I think this is simpler than what I stated earlier. The loans whieh are matured may be restructured in the form of simpler loans and therefore they can be re-scheduled or revised. That is what was accepted.

*(Interruptions)**

MR. SPEAKER : It is all right. No is not allowed. You sit down.

SHRI SATYENDRA NARAYAN SINHA : It was not an aspersion. It was only imagination. I only meant that the answer was not clear.

There were specific suggestions made by the Group of 24 and one of them was that the leading rates should be easier and the conditionality should be relaxed. I want to know whether it was suggested that a Task Force should be appointed to review the while situation in order to take steps for easing out the debt burden. I want to know from the Minister, what was the actual decision taken by the Interim Committee or the Developing Committee. I understand that they said, that there will be no dialogue, no negotiation, no conditions etc. So, I am asking this question. Is that so ?

SHRI JANARDHANA POOJARY : As I have already stated, the suggestions that have been made have been accepted by the Committee.

Even in the reply I have stated that the free flow of credit should continue and also that the terms of the loans should be liberalised and restructured on a liberal basis. These are the suggestions made.

PROF. MADHU DANDAVATE : Simpler language is more vague !

MR. SPEAKER : Shri Gadadhar Saha Absent. Shrimati Kishori Sinha.

SHRIMATI KISHORI SINHA : I am here, Sir.

MR. SPEAKER : How can you lag behind ?

AN HON. MEMBER : She is given a back seat.

Change in Foreign Exchange Regulation Act

*806. SHRIMATI KISHORI SINHA : Will the Minister of FINANCE pleas d to state :

*Not recorded.

(a) whether the "Round Table" held in New Delhi in April, 1985 under the aegis of European Management Forum has demanded changes in the Foreign Exchange Regulation Act;

(b) whether its demand includes lifting of ceiling of 40 per cent on foreign equity participation; and

(c) if so, Government's reaction thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) to (c). A statement is laid on the Table of the House.

Statement

The meeting of business executives that took place in New Delhi on 15—16 April, 1985, under the aegis of the European Management Forum was not sponsored by any official agency. It is gathered from the press reports that a suggestion was made at the meeting that the current 40% limit for foreign equity participation should be raised substantially to enable meaningful foreign participation in Indian ventures. Under the Foreign Exchange Regulation Act, there is no ceiling on foreign investment. What it does provide for in sections 26 (7), 28, 29 and 31 thereof is that a foreign company operating in India which has more than 40% foreign holding will require the Reserve Bank of India's permission for undertaking any expansion or diversification in its industrial, commercial or trading activity, for performing agency function on behalf of other Indian entities, for acquiring immovable property etc. It may be mentioned in this connection that Government's policy towards foreign investment continues to be selective and this was also reiterated in the Technology Policy Statement of 1983. Under this policy, our normal preference is for minority foreign participation not exceeding 40%.

SHRIMATI KISHORI SINHA : In reply towards the end the Minister has stated that the policy towards foreign investment continues to be selective. May I know the industries in which Government have permitted higher than 40 per cent share-holding ?

SHRI JANARDHANA POOJARY : Where there is need for very high technology and 100% export oriented units in such cases, the policy can be relaxed so that the foreigners can come than 40 per cent equity. The particulars of these industries are not here with me. But I can say that out of total foreign collaboration approvals of 752 in 1984 151 involved equity participation i.e. equity upto 40 per cent.

SHRIMATI KISHORI SINHA : I am not satisfied with the reply, Anyway, I am asking my second supplementary. Has the Government considered the request for extending the period of collaboration to 10 years ? In what field Government consider permitting transfer of technology on equity participation basis ?

SHRI JANARDHANA POOJARY : It can be relaxed in high technology and 100 per cent export oriented industries. In these cases, this policy is flexible. This has been made very clear. The period of collaboration agreement is generally 8 years and it can be extended on merits. Each and every case will be examined on merits and relaxation is also permissible. That is why, we have stated that another legislation is not required. It is flexible.

[*Translation*]

Goods Purchased for Various Departments of Government

*807. SHRI MOOL CHAND DAGA : Will the Minister of SUPPLY AND TEXTILES be pleased to state :