

SHRI SAWAI SINGH SISODIA: This does not arise out of the present question.

Dilution of foreign equity in Hindustan Lever

*274. **SHRI P. K. KODIYAN:** Will the Minister of FINANCE be pleased to state:

(a) whether the deadline set for the dilution of foreign equity in Hindustan Lever by the Reserve Bank of India expired on 30th June, 1980; and

(b) if so, the basis on which Hindustan Lever is still being allowed to carry on its business in India?

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN): (a) and (b). A statement is laid on the Table of the House.

Statement

The directive issued to the company by the Reserve Bank of India was for dilution of its non-resident equity to 40 per cent in two stages. The first stage requiring dilution of non-resident equity to 51 per cent to be completed by end of December, 1979, and the second stage of dilution of equity to 40 per cent by end of June, 1980. While the company has complied with the first stage, in regard to the second it has given a representation claiming eligibility to retain 51 per cent non-resident equity on the plea that the character of its activities has undergone some changes in the light of its 1979 balance-sheet. Taking into account the advice given by the Ministry of law, this representation is under consideration in consultation with the concerned Ministries. A final decision will be taken shortly.

SHRI P. K. KODIYAN: In the statement it is stated that the first stage of dilution has been done, that is, reduction to 51 per cent had been done and implemented, the second stage, namely, reduction to 40 per cent has not been implemented and the company has re-

presented to the government. What are the grounds on which the company has made new representation to review the government's directive?

SHRI R. VENKATARAMAN: Under our policy if at least 60 per cent of the turn over of a FERA company is covered by exports, Appendix I Industries and/or sophisticated technology, it may be allowed to keep 51 per cent of the equity capital. The company has represented that it is exporting ten per cent of its products and it is now employing sophisticated new technology and the total covers 60 per cent. These two points are being investigated.

SHRI P. K. KODIYAN: Is it not a fact that the same arguments which the company is now putting forward had been very carefully considered by the FERA committee and also the advisory committees of secretaries and were categorically rejected. Why is the government entertaining representations from the company?

SHRI R. VENKATARAMAN: It is because they have come forward that they are making products which involve sophisticated technology not available in the country. When people make representations we have to examine them before we reject them.

SHRI INDRAJIT GUPTA: When the company is contending that as per government's guidelines it is exporting sixty per cent of its products, will the government also examine whether the products which are exported by Hindustan Lever, a part of those products, are not manufactured by this company at all, they are buying up manufactured goods made by order manufacturers, small scale manufacturers and putting their stamp it and then export them? What is being done, will it come within the ambit of the limit which is allowed for exemption or not?

SHRI R. VENKATARAMAN: That is exactly one of the points which is under examination. It has been brought to the notice of the government that in the 60 per cent export, not all products were manufactured by them and that they are exporting cer-

tain things which are not manufactured by them. Therefore, we are examining this. If we find it is not their manufacture, certainly action would be taken.

SHRI JYOTIRMOY BOSU: Is the hon. Minister aware that besides involving themselves in illegal and unethical practices and economic offences—this firm was caught within their own premises in Ghaziabad with a truckload of adulterated oil for manufacturing vanaspati and they hushed it up with huge sums paid to different quarters—they are manipulating invoices, whether his department have been able to detect invoice manipulations with regard to Hindustan Lever? If he is not aware, we may be able to assist him in getting details.

SHRI R. VENKATARAMAN: My esteemed friend always explodes a bombshell. I only request him to explode with notice and not without notice. If he gives me notice of this question, I will have it examined.

Indian Airlines

*276. **SHRI M. V. CHANDRASHEKARA MURTHY:** Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state;

(a) whether Indian Airlines has decided to raise the carrying capacity by 30 p.c. and is also considering to raise it by 20 p.c. more;

(b) if so, to what extent this has helped the Indian Airlines;

(c) whether it has also reduced the loss that was being suffered by the Indian Airlines; and

(d) if so, to what extent?

THE MINISTER OF STATE IN THE MINISTRY OF TOURISM AND CIVIL AVIATION (SHRI CHANDULAL CHANDRAKAR): (a) No, Sir. The present fleet of Indian Airlines has the capacity of 5366 seats. Indian Airlines has already placed order for 4 Boeing 737 aircraft. Two of these

four aircraft are to be delivered in 1980-81 and two in 1981-82. After induction of these 4 aircraft, the seats in Indian Airline's fleet will increase to 5862, i.e. an increase of approximately 9.4 per cent.

(b) to (d). The four B-737 aircraft on order are still to be inducted into the fleet of Indian Airlines and the question of help to Indian Airlines on this account at this stage is rather premature. Indian Airlines, however, expects that additional capacity will help the Corporation in reducing losses by additional revenues and also in providing better passenger service.

SHRI M. V. CHANDRASHEKARA MURTHY: Sir, I want to know from the hon. Minister whether the Government has conducted any survey regarding the dire demand of the intended passengers to travel by Indian Airlines and Air India, and if so, the details thereof. Even though the airfares were increased by more than 50 per cent, is it a fact that Indian Airlines and Air India are sustaining heavy losses, and if so, by how much during 1979-80?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI A. P. SHARMA): Sir, so far as the conducting of the survey is concerned, it is conducted from time to time and the requirement of the Indian Airlines is decided accordingly. So far as the losses that are likely to be incurred are concerned, it is not at present possible to say exactly now, it is being worked out and we can only be able to tell you about the losses or otherwise position of both Air India and Indian Airlines at the end of the financial year.

SHRI M. V. CHANDRASHEKARA MURTHY: Sir, is it a fact that Government has decided to have a common Chairman for both Indian Airlines and Air India, and if so, how would it help the administration and also the operation of the airlines?