

public sector undertakings is separately under the active consideration of the Government.

**Development of Kovalam Beach  
in Kerala as a Major  
Tourist Centre**

\*122. SHRIMATI BHARGAVI THIANKAPPAN: Will the Minister of TOURISM AND CIVIL AVIATION (PARYATAN AUR NAGAR VIMANAN MANTRI) be pleased to state :

(a) the progress made in regard to the development of Kovalam beach in Kerala as a major tourist centre ;

(b) the estimated cost of the Kovalam project ;

(c) the expenditure incurred so far ; and

(d) how long it will take to complete the project ?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION (PARYATAN AUR NAGAR VIMANAN MANTRALAYA MEN RAJYA MANTRI) (DR. SAROJINI MAHISHI) : (a) The plans of the cottages, the beach service centre and the hotel have been approved, and construction work with commence shortly.

(b) The total estimated cost of the project is Rs. 221.58 lakhs.

(c) An expenditure of Rs. 16.25 lakhs has been incurred so far.

(d) It is hoped to complete the project during the Fourth Plan period.

SHRIMATI BHARGAVI THIANKAPPAN : I would like to know from the

hon. Minister whether the Government have under consideration a proposal to extend the line of Boeing service upto Trivandrum which will pave the way for attraction of foreign tourists and can thus earn foreign exchange. Secondly, I would like to know whether the Government have any proposal for the development of other tourist centres in Karala and, if so, the details thereof.

DR. SAROJINI MAHISHI : As regards the first question, the services of Boeing are going to be extended to Trivandrum by 15th October. As regards the second question, there are a number of projects which have been taken up by the Central Government. A number of improvements and expansion accommodation have taken place at Aranga Niwas at Thekkady and also at Muskat Hotel. A Youth Hostel is going to be constructed at Trivandrum soon. A jetty construction was also financed in Kerala ; celebrations of Onam festival was subsidised.

**Life Insurance Corporation's  
Investment in Public and  
Private Sector**

\*123. SHRI S. R. DAMANI : Will the Minister of FINANCE (VITTA MANTRI) be pleased to state :

(a) the policy followed by the Life Insurance Corporation for investment in the public sector and private sector industrial undertakings ; and

(b) the amounts invested so far in each sector and the yields on such investments ?

THE MINISTER OF FINANCE (VITTA MANTRI) (SHRI YESHWANT-RAO CHAVAN) : (a) and (b). A statement giving the information asked for is laid on the Table of the House.

*Statement*

(a) Hitherto public sector industrial undertakings, specially in the Central sector, were not expected to raise their requirements of long-term capital either from the capital market or from the financial institutions. LIC had, therefore, little scope for investing in these undertakings. The statutory framework governing the investment policy of the LIC makes no distinction between public sector and private sector industrial undertakings. The companies in which investments have to be public limited companies and their share and debentures or the loans to be granted to them have to satisfy the criteria prescribed in the law for what have been designated as 'approved investments'. Investments of the "unapproved" category can be made only within a certain overall limit. Government have recently taken a decision that public sector industrial undertakings should not be precluded from taking recourse to public financial institutions. LIC's investments in the public sector industrial undertakings are expected to increase gradually as a result of this decision.

(b) L.I.C.'s investments in the industrial undertakings in the public and the private sectors as at 31st March, 1970 and the yields earned thereon during 1969-70 were as follows :-

	Investments (Rs. in crores)	Percentage Yield during 1969-70
(i) Public Sector	1.14	10.72
(ii) Private Sector	233.94	6.83

**SHRI S. R. DAMANI :** In the statement, some guide-lines have been made for approved category of investment. But as regards "unapproved" category of investment, the statement says :

"Investments of the 'unapproved' category can be made only within a certain overall limit."

May I know from the hon. Minister what is the overall limit ? Secondly, may I know whether in regard to "unapproved" category of investments any guide-lines have been made or it has been left to the officers to do it ?

**SHRI YESHWANTRAO CHAVAN :** Normally, an overall limit is never supposed to go beyond 15 per cent. But even there, naturally, the financial propriety, the prudence and their Knowledge of the investment also counts. The investment Committee goes throughly into these matters.

**SHRI S. R. DAMANI :** According to the Government's policy, the small-scale industries are getting preference. May I know from the hon. Minister whether the LIC has been requested to give more financial assistance by way of investments or loans to backward areas for the development of small-scale industries.

**SHRI YESHWANTRAO CHAVAN :** We are not giving directions in this matter. Normally, they are supposed to look uncreasingly to the social objectives. Naturally, they are also supposed to look to the developmental aspects the investment also. In the recent years, therefore, the LIC is looking for investment avenues in the Electricity Boards, the Housing Boards, etc. They will look into the investments of backward areas also if they are viable as such.

**SHRI CHINTAMANI PANIGRAHI :** If you look at the statement, you will find the monstrosity of investment so far as private sector is concerned. I would like to know from the hon. Minister why the balance is so much tilted against the the private sector that it got Rs. 233.94 crores and the return on that is only 6.83 per cent whereas the return on investment in the public sector which is only Rs. 1.14 crores is to the tune of 10.74 per cent.

Therefore what is the investment policy followed by the Board when the return for the public sector is 10.72 and when the return from the private sector is 6.53 ? How does the investment Board like this ? We would like to know from the Minister about the private sector investments and as to how much is shared between the different business houses who have got this. After the new policy decision is taken has the Government decided to take note of the new trends and see that between 1971 and 1972, the policy is reversed ?

MR. SPEAKER : Ask one question.

SHRI CHINTAMANI PANIGRAHI : You will not allow me a second question ; that is my difficulty.

SHRI YESHWANTRAO CHAVAN : He has asked a legitimate question. I asked it myself when the reply was formulated. Till 1968 Government was discouraging investment the Government sector or public sector. There was a change in the policies since 1968 onward. It was sometime in January, 1970 that positive indication was given that public finance corporations and institutions should look to the public sector undertakings with more interest. I would like to tell the hon. Member that Rs. 183 crores or so invested in the Electricity Board though they are not actually public sector or Undertakings. That has been done. He wanted to know about the categorisation etc. I would be glad to give that but there are more than 1,000 private sector companies. I have not got that information, nor their classification. -I can very well understand his worry. I am sure with the change in the policy and approach of the Government this difference that we see now will not survive.

SHRI CHINTAMANI PANIGRAHI : I said, monopoly houses. How much is invested ?

SHRI YESHWANTRAO CHAVAN : I have not got that information.

SHRI JYOTIRMOY BOSU : What is quantum of LIC investment made in Calcutta-based Eastern region, both in the public and private sector, compared with Bombay-based western region within the last 3 years ?

SHRI YESHWANTRAO CHAVAN : If it is his intention to find out whether there is less investment in the eastern sector, I am prepared to concede that. But if he really wants some specific information may I seek the indulgence of the hon. Member to put another question specifically ?

SHRI JYOTIRMOY BOSU : I will put a short notice question ; you will accept, I hope.

SHRI N. K. P. SALVE : The investment policy of the LIC about investment in the private sector is scandalously private. Is it the policy of the LIC to buy shares and holdings of big money bags and monopolists to extricate them out of financial morass ? During preceding 6 months period, have any such holdings been acquired by the LIC ?

SHRI YESHWANTRAO CHAVAN : If the hon. member puts a specific question I will give him the information.

SHRI N. K. P. SALVE : Is it part of government policy ?

SHRI YESHWANTRAO CHAVAN : As I said, the policy certainly is to see the economic trends and act accordingly. Such holdings are in the interest of the policy holders and as investments, this may be attractive. Normally they do that. There is nothing unusual about it.

SHRI PILOO MODY : Let him first ask him to supply a list of moneybags.

SHRI R. S. PANDEY : There are two sectors to which the LIC gives importance the private sector and the public sector.

There is also another sector which is very important, the agricultural sector. Are they contemplating investing heavily in the sector, which is very much neglected now by the LIC. So that our kisans are benefited ?

**SHRI YESHWANTRAO CHAVAN :** The agricultural sector is also a part of the private sector. Rural electrification is something very important for the agricultural sector. As I said, nearly Rs. 183 crores have been invested in electricity boards.

**Fall in the Value of Pakistani Rupee**

\*124. **SHRI S. C. SAMANTA :** Will the Minister of FINANCE (VITTA MANTRI) be pleased to state :

(a) whether the value of Pakistani Rupee has been fallen considerably in the world markets ;

(b) if so, the exchange rate of Pakistani Rupee with Indian Rupee before the last devaluation of Indian Rupee and now ; and

(c) the effect, it is likely to have on Indian Rupee ?

**THE MINISTER OF FINANCE (VITTA MANTRI) (SHRI YESHWANTRAO CHAVAN) :** (a) The value of the Pakistani Rupee in unofficial dealing is reported to have declined as seen from the reported change in the rate of exchange from Pakistan Rs. 10.10 per U.S. dollar in January 1971 to Pakistan Rs. 11.80 per U.S. dollar in the middle of May, 1971.

(b) Prior to the devaluation of the Indian rupee on June 6, 1966, the official rate of exchange between the Pakistan was 1 : 1. Following the devaluation, the official rate of exchange between the two currencies works out to 1 : 1.57.

(c) The decline in the value of the Pakistani rupee in unofficial dealings is unlikely to have any consequences for the Indian rupee.

**SHRI S. C. SAMANA :** Are Government aware that after devaluation of the Indian rupee, Pakistan was allowing more and more subsidy to the exporters to earn more foreign exchange instead of devaluing their rupee, though it is equivalent to devaluation ?

**SHRI YESHWANTRAO CHAVAN :** Yes, I think Pakistan was trying to do that also, but I do not see how that affects the value of the Indian rupee. The main question is about the internal economic policies Pakistan follows for its own sake.

**SHRI PILOO MODY :** International competition.

**SHRI YESHWANTRAO CHAVAN :** That need not affect the Indian rupee as such.

**SHRI S. C. SAMANTA :** I would like to ask a general question, whether external pressure internal necessity cause the devaluation of the currency.

**SHRI S. M. BANERJEE :** Unless there is internal pressure, there is no external pressure.

**SHRI YESHWANTRAO CHAVAN :** I think Shri Banerjee has rightly answered that.

**SHRI TRIDIB CHAUDHURI :** Recently, after trouble started in Bangla Desh, many people, particularly refugees and also other people who have taken shelter in India, brought with them whatever savings they had. In this way, a lot of Pakistani currency come in. I understand that the Government of West Bengal