

[English]

**Issue of Commercial Papers by Companies in Corporate Sector**

710. SHRI K.S. RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government have permitted the companies in the corporate sector to launch the commercial papers;

(b) the impact of the above scheme on the banks;

(c) whether Government have taken adequate steps to ensure that the profitability of the banks is not adversely affected by the advent of 'commercial papers'; and

(d) if so, the steps taken in this regard?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) Yes, Sir. In terms of 'Non Banking Companies (Acceptance of Deposits through Commercial Paper) Directions, 1989, issued by Reserve Bank of India (RBI) on 11th December, 1989 highly rated corporate borrowers satisfying the following eligibility criteria are permitted to issue Commercial Paper:

- (1) Tangible net worth of not less than Rs. 10 crores.
- (2) Working capital (fund-based) limit is not less than Rs. 25 crores
- (3) The company obtains the specified credit rating from an agency approved by the RBI for this purpose from time to time.
- (4) The borrowal account of the company is classified into the top Health Code status by financing banks.

(5) Minimum current ratio of 1.33 :1.

(6) Shares are listed on one or more stock exchanges (not applicable to Government companies).

(b) to (d). The scheme became operative with effect from January, 1990 and the Reserve Bank has so far authorised issue of CP by six companies for an aggregate amount of Rs. 85.50 crores. As regards apprehensions as to the loss of business/low profitability to banks on account of issue of CP by their clientele, it may be stated that for the banking system as a whole, the quantum of CP approved will be determined by the Reserve Bank taking into account the conditions prevailing in the money market. Reserve Bank authorises the issue of CPs at fortnightly intervals with a view to queuing the companies permitted to issue CPs to complete their formalities in a fortnight before the next batch of companies enters the market.

**Export Processing Zone at Vishakapatnam**

711. SHRI UMA GAJAPATHI RAJU: Will the Minister of COMMERCE be pleased to state:

(a) the stage at which the "Export Processing Zone" at Vishakapatnam stands today; and

(b) when will it be fully operational?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): (a) The setting up of Visakhapatnam Export Processing Zone has been approved by the Government of India and was notified on 15.3.1989. The Central Government has also released part payment to the State Government towards the cost of land for the Zone. Orders relating to the transfer of 407.82 acres of Government land in Jaggarajupeta

and Narava villages of Gajuwaka Mandal of Visakhapatnam District to the Central Government has been issued by the State Government. The Office of the Development Commissioner is being set up in the Commercial Complex of the Visakhapatnam Urban Development Authority.

(b) The basic infrastructure for the Zone is likely to be completed in two years. However, applications for setting up of units in the Zone would be entertained during the next financial year.

#### **Rubber Import**

712. SHRI T. BASHEER: Will the Minister of COMMERCE be pleased to state:

(a) whether Government has taken a decision to import rubber;

(b) if so, the details thereof;

(c) whether import of rubber will adversely affect the interests of the rubber planters in the country;

(d) whether Government has received any request from Kerala Government or rubber planters in Kerala not to import rubber; and

(e) if so, Government's reaction thereon?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): (a) to (e). The policy of the Government is to import only as much quantities of rubber as would be necessary to bridge the gap between demand-supply. The Government is already operating a buffer stocking scheme for safeguarding the interest of the growers while simultaneously ensuring steady supply of rubber to the consuming industry at a reasonable rate. The imports initially planned for 1990-91 are for 30,000 tonnes.

The Kerala Government had requested for stoppage of imports. However in view of the fact that this will seriously effect production of rubber goods in the country with its attendant undesirable consequences such as unemployment and increased imports, it has not been possible to agree to this request. Moreover the interest of the rubber growers is already being adequately safeguarded.

#### **Illegal Accounts in St. Kitts**

713. PROF. K.V. THOMAS: Will the Minister of FINANCE be pleased to state:

(a) whether any Indian nationals have illegal accounts at St. Kitts in U.S.A.;

(b) if so, who are these persons; and

(c) the action being taken against them?

THE MINISTER OF FINANCE (PROF. MADHU DANAVATE): (a) and (b). St. Kitts is an Island in the Caribbean and not in U.S.A. On the basis of some newspaper reports some enquiries were initiated and some alleged documents pertaining to a certain account were made available. However, there are serious doubts about the authenticity of these documents and further enquiries are being made to ascertain the facts.

(c) Does not arise in view of (a) and (b).

#### **Loans Advanced to Bharat Hotels**

714. SHRI YADVENDRA DATT:  
SHRI PYARELAL KHANDELWAL:  
SHRI MADAN LAL KHURANA:  
DR. A.K. PATEL:

Will the Minister of FINANCE be pleased to state: