

question, therefore, specifically is whether he is satisfied about the safety of passengers including Members of Parliament who come from Ahmedabad and go to Ahmedabad—including the Prime Minister, and the Finance Minister not to talk of my poor self? Is it a fact that some of these equipments and facilities are far from adequate and far from satisfactory? Will he see to it—I am in support of Dr. Karan Singh's point—that he spends progressively more money on getting things corrected as early as possible?

SHRI PURUSHOTTAM KAUSHIK: I can assure the Member—as I said we are phasing out things and—that we will put in more and better instruments.

Decision on Treatment of Foreign Companies at par with Indian companies for Lending Purposes

***SHRI S. G. MURUGAIYAN:** Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank has lifted curbs on commercial banks' lending to foreign companies operating in the country;

(b) if so, the details thereof;

(c) whether Government have decided to treat all the foreign companies which have reduced their non-resident interest to 40 per cent under FERA at par with Indian Companies for lending purposes; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) and (b) No. Sir, Commercial banks have to apply the usual credit guidelines and criteria while making advances to foreign companies operating in the country. However, so far these advances were made on an annual basis conditional on the final decisions on applications made by these companies under Section 28 and 29 of the Foreign Exchange Regulation Act, 1973. Since decisions on a large

number of applications under Sections 28 and 29 have already been taken, authorised dealers have been permitted to grant loans/overdrafts without prior approval of the Reserve Bank, but after applying the necessary checks and credit guidelines.

(c) and (d). Yes, Sir. Provisions of Section 26(7) of the Foreign Exchange Regulation Act, 1973 restricting loans to or deposits with foreign companies do not apply to companies which have less than 40 per cent non-resident interest.

SHRI S. G. MURUGAIYAN: Is the extension being given by RBI for facilities, loans and overdrafts from the banks for one year in favour of foreign companies which have still not complied with the provisions of Foreign Exchange Regulation Act? If so, how many such companies are there; and what is the reason for delay in the completion of processing their cases?

SHRI H. M. PATEL: As I have already said in my main reply, this permission is being given from year to year, until such time as the Reserve Bank has cleared these companies under Sections 28 and 29. The moment the companies are Indianized, and their foreign-shareholding goes down to 40 per cent or below 40 per cent, they don't have to seek permission from the Reserve Bank. They can go under the normal procedures, borrow money, overdrafts etc.

SHRI BEDABRATA BARUA: What is the policy of the Government in regard to the finances being supplied by the banks? It appears that while you have told that we are getting foreign money i.e. by inviting multi-nationals we are getting foreign capital, the actual position is that they are using our money and our advances. Is the Government aware of this problem? Are they putting any pressure on the foreign companies to get their credits

from their own sources, rather than utilize our money for the development of their industry?

SHRI H. M. PATEL: This question does not arise here. These are companies established. The question is with reference to companies which are established in this country: and as companies functioning in this country, they are entitled to borrow money from banks so long as they fulfil various conditions....

SHRI BEDABRATA BARUA: I am not talking only about companies having 40 per cent foreign shares. There are companies which have 60 per cent shareholdings.

SHRI H. M. PATEL: Even others. I am saying that any company which has been established so far in this country is entitled to borrow money from banks. The difference is this: under the Foreign Exchange Regulation Act, they have now to obtain sanction from the Reserve Bank; and this sanction is being given from year to year until such time as they bring down their holding according to Reserve Bank's direction. The moment they do this, they become Indian companies.

SHRI BEDABRATA BARUA: My question has not been properly answered. What I wanted to know was, in view of the Government's invitation to the multi-nationals on the plea that they are giving the use of foreign capital to this country, how do you square it up with the supply of Indian capital for development.

SHRI H. M. PATEL: There is no invitation extended to any multi-national company.

SHRI D. N. TIWARY: There are several foreign companies which have branches in India in the name of servicing, but they are actually doing business and repatriating the profits to their original home. Are such companies also advanced loans or not?

SHRI H. M. PATEL: They would be entitled to borrow money from the banks in the ordinary way.

DR. HENRY AUSTIN: It is reported that the foreign banks operating in our country are discriminatory in their credit policies to our entrepreneurs and indigenous companies. Are the Government aware of this situation? Have Government received any complaints that while these foreign banks are lending large sums of money to multi-nationals, they are not giving adequate loans to local companies?

MR. SPEAKER: That does not strictly arise out of the main question which deals with loans given to them. You are asking about loans from them.

DR. HENRY AUSTIN: It is linked to the larger complex problem.

SHRI H. M. PATEL: I have no information that there has been any discrimination practised by foreign banks in this country in regard to their policy of granting loans.

Engineering Export Targets

*65. **SHRI SAUGATA ROY:** Will the Minister of COMMERCE AND CIVIL SUPPLIES AND COOPERATION be pleased to state:

(a) whether Government are aware that engineering export targets may not be reached this year due to prolonged labour unrest in the Bombay region; and

(b) if so, what remedial steps Government propose to take in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE, CIVIL SUPPLIES AND COOPERATION (SHRI KRISHNA KUMAR GOYAL): (a) and (b). The export of engineering products estimated during April-December 1977 is Rs. 430 crores as