

different. Huge funds are accumulated in provident fund accounts which held by the Central Provident Authority or by the trust as an exempted category. There have been growing complaints of serious irregularities which are leading to loss of saving of the workers. There has been no monitoring. Therefore, (a) part of my question is, while amending the law, will the Government take into consideration this utilisation or non-utilisation or mis-utilisation of the funds by the provident Fund in the exempted category and (b) part of my question is, whether the Government will consider increasing the rate of interest of that portion of the savings in Government cofers?

**SHRI P. CHIDAMBARAM:** Sir, as far as exempted provident funds are concerned, I assume the hon. Member is referring to exemptions granted under Section 17 of the Employees Provident Fund Act where the companies can run their own provident fund subject, of course, to certain restrictions. That is a subject which falls under the Ministry of Labour. The question whether there are irregularities in the working of exempted provident fund must be addressed to the Ministry of Labour.

As regards the second question about enhancing the return on provident funds invested according to the pattern of the Central Government, yes, the recent recommendation of the Trustees is that the rate of interest should be enhanced from 12 per cent to 13 per cent; I will look into the matter.

#### Guidelines for Foreign Airlines

\*146. **SHRI SATISH AGARWAL:** Will the Minister of CIVIL AVIATION be pleased to state:

(a) the policy guidelines formulated by Government regarding entry of foreign airlines into the domestic sector;

(b) whether it is a fact that East-West, Jet Airways and Modiluft were permitted to operate in the domestic sector; and

(c) if so, what is the rationale for refusing permission to Tata-Singapore consortium to operate in the domestic sector?

**THE MINISTER OF CIVIL AVIATION AND MINISTER OF INFORMATION AND BROADCASTING (SHRI C.M. IBRAHIM):**

(a) The modalities for permitting foreign equity and NRI equity in domestic air transport services sector are under formulation.

(b) Yes, Sir.

(c) The proposal of M/s Tata Singapore Airlines would be examined after the modalities of foreign equity and NRI equity participation in the domestic air transport services sector have been formulated.

**SHRI SATISH AGARWAL:** Mr. Chairman Sir, I know the views of the Minister of Civil Aviation so far as foreign equity participation is concerned. Sir, without having any policy guidelines or prescriptions or a decision by the Cabinet, foreign equity participation is not permissible under our laws in any sector whatsoever. If that is so, then how is it that since April, 1993, these air taxis or air services, like East-West, Jet Airways, Modiluft, etc., were opened for foreign equity participation in this country? What is the exact position in this regard? Were they permitted under any guidelines and decisions of the Government or under some *ad hoc* decisions?

**SHRI C.M. IBRAHIM:** Sir, as far as the policy is concerned, there was no constraint and a perfect policy was there. When I took over, I decided that we must have a complete policy whether we should permit foreign airlines into the domestic sector or not, and if anybody is permitted, then what the course of action should be. After discussing it with various people and groups in my Ministry and outside the Ministry, I have seen that nowhere in the world have foreign airlines been permitted into the domestic sector. That is why we have decided and I have recommended—the subject is before the Cabinet—that no other foreign airlines should be permitted into the domestic sector.

As far as NRI investment is concerned, we said, "Yes, up to 40 per cent, any foreign investment may come." Even if any NRI wanted to come, that also we have said. Earlier, foreign equity up to 40 per cent was permitted on a case-by-case basis and not in general. Clearance was given on a case-by-case basis. Now, we have said that we will take a concrete policy

decision. Sir, earlier they were clearing 50-seaters and 100-seaters a on case-by-case basis, but now I have decided that we will have a clear-cut policy in this regard.

SHRI MD. SALIM: Case-by-case means briefcase? ...*(Interruptions)*...

SHRI C.M. IBRAHIM: That is not correct. ...*(Interruptions)*... Sir, this is the decision which the Ministry has taken.

SHRI SATISH AGARWAL: Sir, in view of the Government's own admission in the Economic Survey with regard to civil aviation sector at page-172 which said that more than 41% of the domestic air transport was being catered to by the private air services and that the number of services has gone up from 15,000 to 50,00,000, I am not against providing more comfortable service to Indian consumers but they say that the ushering in of competition in the domestic services had two major implications for the Indian Airlines for it had to share the market on its profitable trunk routes with private operators. Secondly, it said, it had to contend with the loss of critically skilled personnel to private operators who offered much higher emoluments. This affected the profitability of Indian Airlines. Will the Government keep in view this critical factor brought out by the Economic Survey with regard to domestic sector and the world's position, excepting one or two countries where foreign equity participation or participation foreign airlines is permitted? Will it do so or will it be under pressure by someone in their own Cabinet to succumb to the pressure and permit the Tata-Singapore Airlines? The Members of Rajya Sabha also had debated this question earlier and I do not want to dwell more on that. There was unanimity among all major political parties in the Rajya Sabha at least to the effect that we should not permit foreign airlines in Indian domestic sector. If there be anyone who is allowed before a policy is laid down, would it direct them to divest the foreign participation?

SHRI C.M. IBRAHIM: As far as pressure is concerned, there is no pressure as such. Of course, our Ministries are working hard to show results. As far as the Civil Aviation Ministry is concerned, we have clearly placed

in black and white before the Cabinet that such is our view. With regard to the second part, to give more facilities, the answer is: Yes. With regard to the domestic companies, I have taken a decision, including the Indian airlines, to strengthen. Earlier there was no policy of giving any financial assistance from IDBI or IFCI or ICICI. That is why I have requested the Finance Ministry in this regard and I have called a meeting of the Chairmen of these financial institutions to see if we can frame a policy to give financial assistance for the growth of civil aviation in India. We are contemplating ownership of aircraft instead of taking on lease. For this, the financial institutions can lend money and they can also raise money in the internal as well as external markets. Sir, I am not against any foreign investment. But we have said that our Ministry would not allow foreign airlines. Those who have investment, it is not a very big investment, it is a very small amount. Once we take a decision in the Cabinet, we will definitely tell these companies to sell out the investment of foreign airlines in compliance with the new policy.

SHRI JOHN F. FERNANDES: Mr. Chaiman, Sir, the hon. Minister has rightly mentioned that it is the policy of the Government not to allow foreign airlines in the domestic sector. I do not think that it was the policy of any Government even in 1990. The Tata-Singapore Airlines had applied for permission in 1994. They were not granted permission then. Rightly, as mentioned by the hon. Minister, even the North-American Agreement, NAFTA, does not include domestic civil aviation and the USA has kept to itself the exclusive rights. Now the question here is there is some bickering within the Government on whether to have investment or not. The Government has not made up its mind and that has created a confusion in the international community and there is a fear for investment. We cannot stop foreign investment up to 40 per cent. Foreign investment is to be permitted from abroad. The point is the foreign airlines are trying to align with the domestic airlines and naturally they will play havoc with Indian Airlines and Air India who are operating as hub and spoke. So,

the intention of Singapore Airlines is to have hub and spoke with Tata and Singapore Airlines. I would like to know whether the Government would announce its policy immediately rather than keep it pending for long because we have to give a clear signal to the international community for domestic investment, more so with the latest Budget proposals of the Finance Minister. I would like to know whether the Government will decide it immediately because it is the declared policy of the Government of India and not of any other Government.

SHRI C.M. IBRAHIM: Sir, there is no bickering as such. It is only a view. For example, if you take one patient to three doctors, even they will not be giving one opinion. The opinion may differ from doctor to doctor. ...*(Interruptions)*... But, here efficiency is there. ...*(Interruptions)*... Sir, we have talked about the transparency. ...*(Interruptions)*... Yes, this Government is working with transparency. I have made it clear, if I had been in the place of the hon. Industry Minister, I would have done the same thing as he has done, to show his total balance-sheet. If I had been in the place of the hon. Finance Minister, I would have taken the same decision. As Civil Aviation Minister, I am concentrating on wherefrom I can get more information, more avenues, what the difficulties will be if any foreign airlines come, what the losses and gains will be, etc.

So, I am directly connected with the subject. I feel that I may be able to convince my colleagues in the Cabinet. Sir, I would like to tell you that we wanted to come with a policy before the Budget Session. Now we may announce it either in this Session or before May.

SHRI BRATIN SENGUPTA: Sir, I would like to know whether during discussion on this proposed venture any undertaking had been taken with regard to subsidised operations to North-East, Andaman and Nicobar and Lakshadweep. At present this is being done by Indian Airlines only. I would also like to know whether they will be responding to national emergencies like carrying troops, and responding to natural disasters. I would also like to know whether they will continue our

services to the SAARC nations. Has any undertaking been taken at any point of time during the discussion in this regard?

SHRI C.M. IBRAHIM: Sir, before getting a licence everybody will agree to whatever may be the conditions. But, ultimately they will not offer it. This is the problem which I am facing now. Whatever uneconomic routes are there, they are being catered to by Indian Airlines. As far as trunk routes are concerned, private people are doing only ten per cent and Indian Airlines is doing more than 50 to 60 per cent. That is why I have said that we want to strengthen our domestic sector, our airlines. If somehow any national disaster comes, it should not be such that I should beg before a private party. For this purpose, the Government should have its own airlines so that they can direct them to do this job.

Sir, as far as non-commercial sector is concerned, only ten per cent is being covered by the private people.

With regard to policy guidelines, they have said that whatever guidelines we frame, they will adopt. We have to see the results. Nobody is doing hundred per cent foolproof.

DR. ALLADI P. RAJKUMAR: Sir, on 28th February, Members from all political parties opposed Tata Singapore Airlines. Sir, even the hon. Minister himself had opposed this proposal consistently on the floors, of Lok Sabha and Rajya Sabha in October 1996 and said that the Government was opposed to foreign equity participation in domestic civil aviation industry in India either through direct or indirect routes. Sir, I would like to know whether the Indian Airlines Pilots' Association and the Indian Airlines Employees' Association have opposed this project. The hon. Minister should give a clear-cut statement so that the interests of Indian Airlines and Air India are protected.

12.00 NOON

SHRI C.M. IBRAHIM: Sir, this matter is before the Cabinet. As far as the Civil Aviation Ministry is concerned, we have made our view very clear. This is the stand we have taken.

As far as the employees' organisations are concerned—not only the employees' organisations, but even Members of

Parliament as well as chambers of commerce; for example, FICCI—they have all said that we should not allow any foreign airlines into the domestic sector. That representation we have received. I have placed this before the Cabinet.

MR. CHAIRMAN: Question Hour is over.

SHRI SATISH AGARWAL: The answer is also over.

## WRITTEN ANSWERS TO STARRED QUESTIONS

### Funds for Tourism Development in Gujarat

\*142. SHRIANANTRAY DEV SHANKAR DAVE: Will the Minister of TOURISM be pleased to state:

(a) whether it is a fact that Government of Gujarat has prepared a master plan for the infrastructural development of Kutch district for promotion of tourism in the area; and

(b) if so, funds provided by the Central Government during the years 1995-96, 1996-97 and proposed for 1997-98?

THE MINISTER FOR PARLIAMENTARY AFFAIRS AND TOURISM (SHRI SRIKANTA JENA): (a) The Government of Gujarat has prepared a master plan and an Area Development Plan for tourism in the State which has identified Kutch as one of the areas of infrastructural development.

(b) During 1995-96, Rs. 7.98 lakhs was sanctioned to Government of Gujarat. In 1996-97, 8 projects worth Rs. 91.08 lakhs have been identified in consultation with the State Government. Proposals for 1997-98 have not yet been finalised.

### Fera violations registered/detected against Private Sector Companies

\*143. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) the names of private sector companies against whom cases for FERA violations have been registered/detected since July, 1996

alongwith the amount involved in each case and what is the status of those cases;

(b) whether Government are aware of the strong resentment of the business community about indiscriminate invoking of FERA, most of whose provisions have become outdated; and

(c) if so, whether Government propose to amend the FERA and if so, when and the details thereof and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The Enforcement Directorate have registered 198 cases against private sector companies since July, 1996. Names of some of the major cases are as under:—

1. M/s. ITC Ltd.
2. M/s. Shaw Wallace & Co.
3. M/s. MVR Group of Companies.
4. M/s. Dipper Investments Ltd.
5. M/s. Kiron Group of Companies.

Enforcement Directorate has undertaken investigations in these cases. Amount involved in each of the case cannot be assessed at this stage.

(b) Action against FERA violators is taken in conformity with the provisions of the statute.

(c) Major changes in Foreign Exchange Regulation Act, 1973 (FERA) were carried out vide Foreign Exchange Regulation (Amendment) Act, 1993 (29 of 1993). However, a comprehensive review of FERA is currently being undertaken.

### लोधी होटल, दिल्ली का विस्तार एवं उसमें सुधार

\*147. श्री सोमपाल: क्या पर्यटन मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या दिल्ली स्थित लोधी होटल का विस्तार एवं सुधार करने की सरकार की कोई योजना है;

(ख) यदि हां, तो उसका ब्यौरा क्या है;

(ग) क्या यह सच है कि सरकार सार्वजनिक क्षेत्र के कुछ होटलों को निजी क्षेत्र को देने का विचार रखती है; और यदि हां, तो सरकार ने इस संबंध में अब तक क्या