

(b) if so, what steps Government have taken to reduce the expenditure on the non-Plan sector and to improve the country's economy?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) This Ministry is informed that the Chairman, Ninth Finance Commission had referred to the growing revenue expenditure of Central and State Governments and not to non-Plan expenditure in particular.

(b) It is always the endeavour of the Government to keep non-developmental expenditure to the minimum necessary and take all possible steps to improve the country's economy.

Financial Activities of Investment and Leasing Companies

*194. SHRI ASHOK NATH VERMA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of investment and leasing companies violating all the legal provisions and of investing their money in other speculative business instead of in Government securities;

(b) whether it is a fact that financial activities of Peerless General Finance and Investment Company have recently been investigated; and

(c) if so what are the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) to (c) In terms of the Non-Banking Financial Companies (Reserve Bank) Directions, 1977, as amended from time to time, issued by the Reserve Bank of India, an "Investment Company" means any company which is a financial institution carrying on as its principal business, the acquisition of securities. An "Equipment Leasing Company" is defined as a company which is a financial institution carrying on as its principal business, the

activities of leasing of equipment or the financing of such activity. Reserve Bank of India (RBI) has reported that, while the acceptance of deposits by the Investment and Equipment Leasing Companies is regulated by the RBI in term of the provisions of these directions, only the "Equipment Leasing Companies" are required to keep a minimum of 10 per cent of their deposits either in an account with a scheduled bank or in approved securities. In so far as the Investment Companies such as Peerless General Finance and Investment Company Ltd. etc., conducting benefit/savings schemes are concerned, such companies are classified by RBI as "Residuary Non-Banking Companies". In terms of the Residuary Non-Banking Companies (Reserve Bank) Directions, 1987, issued by the RBI in May, 1987, a residuary non-banking company is required to invest (i) in fixed deposits with public sector banks (ii) in approved securities and (iii) in other safe investments in the ratio of 10:70:20.

2. RBI has further reported that it had conducted last year a quick inspection of some of the residuary non-banking companies which revealed *inter-alia*, that several companies had not taken steps to provide their investments in the manner prescribed in directions. RBI is taking action as appropriate for compliance of the directions by these companies.

3. RBI has not so far conducted any detailed inspection of the Peerless General Finance and Investment Company Ltd., Calcutta consequent to the issue of Residuary Non-Banking (Reserve Bank) Directions, 1987.

Sale of Goods purchased from India by Bofors to other countries

*195. SHRI LAL K. ADVANI:
SHRI ASHWANI KUMAR:

Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that under the Memorandum of Understanding, Bofors is entitled to sell the goods purchased by it from India to other countries;