

win al&o be treated as Indianised because of the fact that foreign equity in the company has been diluted to 40 per cent;

(c) what are the details about the control exercise by the Principal companies/of such companies through the provisions of Articles of Association;

(d) whether it is a fact that even after reduction of equity below 40 per cent such MNCs have the right to appoint the Chairman, Managing Director and 1/3rd Director, on the Board of Directors; and

(e) whether it is also a fact that certain resolutions cannot be passed by the Board without the affirmative vote of the Directors of the MNCs; if so, how these companies are being treated at per worth the 100 per cent Indian Companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) Section 29(2) (a) of FERA, 1973 provides that foreign company incorporated abroad or an Indian Company having more than 40 per cent non-resident interest will require RBI's permission for continuing its activity on its activities of a trading, commercial or industrial nature existing as on 1-1-1974. Guidelines for Administration of this provision of the Act were framed and laid on the Tables of both the Houses of Parliament. Under these guidelines, the companies of the above description are required to bring down their foreign shareholding to 74 per cent/51 per cent/40 per cent depending on the nature and character of their activities. The objectives of the FERA guidelines were to regulate the level of foreign shareholding in companies already operating in India as on 1-1-1974 depending on the nature of their activities, and to minimise the outflow of foreign exchange in the form of Profits and Dividends. Transfer of control to Indian hands is not one of the objectives of FERA. Control of companies is a matter coming within the purview of the Companies Act and is determined primarily by the voting power flowing from the extent of equity holding in the company.

(c) to (e) It may not be advisable to form an opinion on the basis of Article 29 of Association of only a few former FERA companies. It would be necessary to scrutinise the Articles of all such companies in order to get a precise picture of the manner and extent of control exercised through the Article. In any case, these are matters governed by the provisions of the Companies Act.

#### **Chinese intrusion into Arunachal Pradesh**

1312. DR. BAPU KALDATE:

SHRI M. S. GURUPADA-SWAMY;

SHRI V. NARAYANASAMY:

SHRI J. P. GOYAL:

SHRI K. VASUDEVA PANICKER:

SHRI SATYA PRAKASH MALAVTYA;

DR. RATNAKAR PANDEY:

SHRI BHUVNESH

CHATURVEDI:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether Government have protested to the Chinese Government about the intrusion into Arunachal Pradesh by the Chinese soldiers last month;

(b) if so, when was the protest lodged; and

(c) what has been the reaction of the Chinese Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI K. R. NARAYANAN) (a) Yes, Sir.

(b) the protest was lodged on 26th June, 1986;

(c) The Chinese response has been that the area in question is on their side of the McMahon Line. Government have categorically rejected the Chinese claim and stressed that the area is well within Indian territory as it is clearly South of the McMahon Line which constitutes the International boundary in this sector.

**Statement of the President of Pakistan regarding funds received by the People's Party of Pakistan**

J313. PROF. C. LAKSHMANNA:  
SHRI YALLA SESI  
BHUSHANA RAO:

Will the Minister of EXTERNAL AFFAIRS be pleased to state what is Government's reaction to the allegation made by the President of Pakistan that the People's Party of Pakistan and its President Miss Benazir Bhutto were received funds from India?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI K. R. NARAYANAN): Government have categorically rejected these baseless and unfounded allegations.

**Statement of the Prime Minister of Pakistan regarding Kashmir**

1314 SHRI PARVATHANENI UPENDRA: Will the Minister of EXTERNAL AFFAIRS be pleased to state;

(a) whether it is a fact that the Prime Minister of Pakistan has stated again in the Pakistani National Assembly on the 3rd June, 1986 that the "dispute" between India and Pakistan over Kashmir would be taken up with the Indian Government at an appropriate time; and

(h) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI K. R. NARAYANAN): (a) Yes, Sir.

(b) Government's position on Jammu and Kashmir is clear and has been stated on different occasions. The whole of the State of Jammu and Kashmir is an integral part of India.

**Deal for transfer of technology from US to India**

1315. SHRIMATI KANAK MUKHERJEE: Will the Minister of EXTERNAL AFFAIRS be pleased to state what are the details of the deal undertaken relating to high-technology transfer by the United States to India?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI K. R. NARAYANAN): In November, 1984, a Memorandum of Understanding (MOU) on Technology Transfer was concluded between the Governments of India and the USA. In May, 1985, the implementation procedures of the MOU were finalised. The objective of the MOU is to promote trade and collaboration in advanced technology between India and the United States.

1316. [Transferred to the 1th August, 1986].

**Decline in the tourist inflow into Himachal Pradesh**

1317 SHRI SURESH PACHOURI: Will the Minister of TOURISM be pleased to state:

(a) whether it is a fact that the tourist inflow into Himachal Pradesh has been adversely affected due to the prevailing situation in Punjab; and

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

THE MINISTER OF STATE IN THE MINISTRY OF TOURISM (SHRI SANTOSH MOHAN DEV): (a) There has been a decline in foreign tourist arrivals during second half of 1984 and during the first half of 1985 due to the adverse media coverage of various events in the country including Punjab problem. The exact impact of this in the inflow of tourist to Himachal Pradesh can not be assessed due to non-availability of reliable statistics. However, the situation has now changed and the foreign tourist arrivals registered an increase of 14.6 Per cent during the first half of 1986.