

RAJYA SABHA

**Tuesday, the 15th May, 1973/25
Vaisakha, 1895 (Saka)**

The House met at eleven of the clock MR. CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

CAPITAL ISSUE BY BATA SHOE COMPANY

***294. SHRI SARDAR AMJAD ALI:
SHRI HIMMAT SINH:
SHRI HARSH DEO
MALAVIYA:**

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Bata Shoe Company has been permitted to issue its shares and expand its capital base; and

(b) if so, the amount of premium allowed to the company and the factors taken into consideration in fixation of the premium?

**THE MINISTER OF FINANCE
(SHRI Y. B. CHAVAN):** (a) Yes, Sir.

The permission has been given for issue of Rs. 50 lakhs worth of equity shares to Indians only which will expand the capital of the company from Rs. 250 lakhs to 300 lakhs.

(b) The premium allowed is Rs. 20 for a share of Rs. 10. The amount of premium in this case was decided on the basis of net asset value and the profit earning capacity value of the share.

SHRI HARISH DEO MALAVIYA: Sir, I would like to know how much foreign exchange remittance has been made by the company during the last ten years and whether it was taken into account while fixing the premium.

†The question was actually asked on the floor of the House by Shri Harsh Deo Malaviya.

SHRI Y. B. CHAVAN: I do not think I have got the figures for the last ten years but I have got the figures for the years 1967, 1968 and 1969. If he wants them, I can give that information to him. The figures on account of remittances made by the company during the last three years, that is, 1968-69, 1969-70 and 1970-71 are like this:

Dividends in 1968-69	Rs. 29.31 Lakhs
" 1969-70	Rs. 36.79 Lakhs
" 1970-71	Figures not available.
Technical know-how in	
1968-69	Rs. 6.28 Lakhs
1969-70	Rs. 4.32 "
1970-71	Rs. 6.30 "

Export for the last two years, that is, 1971 and 1972, have been more than Rs. 4 crores.

SHRI HARISH DEO MALAVIYA: I wanted to know whether it was taken into account while fixing the premium.

SHRI Y. B. CHAVAN: I do not know what is the meaning of this question. Naturally, remittances are base either on the profits or the dividends, market value.

SHRI HARISH DEO MALAVIYA: My second question is this. It is reported that the Life Insurance Corporation of India and the Unit Trust of India are going to subscribe to the shares of the company, substantial shares. Under the circumstances, has the Controller of Capital Issues directed that representatives of the LIC and the UTI should be given due place on the board of the company?

SHRI Y. B. CHAVAN: While the UTI and the LIC would certainly propose to buy some shares, if they get the shares, naturally they will try to get representation. It is an obvious thing.

SHRI KALYAN ROY: Is the hon. Minister aware of the allegations against the Bata Shoe Company of filing false claims in order to get ex-

port incentives which is being looked into by the Commerce Ministry. They amount to several crores and there are also serious irregularities about the provident fund. In view of these serious charges which have been broadly accepted by the Government, would the Government consider the whole aspect before issuing any fresh licence to expand their capacity or in any way help them financially?

SHRI Y. B. CHAVAN: This is a matter which is not connected with this. This question is about merely asking them to reduce their equity shares and about the method and manner in which the payment should be fixed up. I have got information about it. This is a general question which requires special notice if I were to answer it, or possibly, he can direct it to the concerned Ministry.

SHRI KRISHAN KANT: Was it brought to the notice of the Government that the Licensing Committee had reported that the Bata Shoe Company was producing three times the licenced capacity. Was any penalty imposed on them or had they been allowed to do whatever they liked? After 1948 when Pandit Nehru gave a statement on foreign capital in India, a policy statement, there has been no authoritative statement of the Government of India about the mode of foreign capital in the country, for what items they would be allowed, because a lot of things have happened. May I know whether the Government has thought of these problems and come out with concrete proposals, complete ideas after 1948? What will be the role of foreign companies?

SHRI Y. B. CHAVAN: As far as the general policy matters are concerned, I think he knows about it. We have explained it many times. At the present moment the foreign capital will be welcome only in the selected areas where there is necessity of filling the technological gap. Now the question is about foreign investment which is already there and

about which the policy also has been laid down which is reflected in the new bill. We have said that those companies in which there is more than 40 per cent. investment the entire gamut in those companies will be reviewed. This is the present position.

SHRI KRISHAN KANT: What about the first part?

SHRI Y. B. CHAVAN: I have no information.

SHRI BABUBHAI M. CHINAI: May I know from the hon'ble Minister what is the foreign investment in this particular company and when permission was given to issue new shares was any condition made that the shares would be given to only Indian nationals in view of the new policy that we will not allow anybody more than 40 per cent of foreign investment?

SHRI Y. B. CHAVAN: Shall I give the whole history of the company. It is very difficult for me to answer the question in single "Yes or No". As a matter of fact this company was a private company incorporated in 1913 and it was floated with a share capital of Rs. 2 lakhs only....

SHRI BABUBHAI M. CHINAI: Sixty one years ago.

SHRI Y. B. CHAVAN: Its present capital is about Rs. 250 lakhs which is entirely held by a non-resident company. This is a fact. In 1934 the company increased its original capital of Rs. 2 lakhs to Rs. 10 lakhs by issuing fresh shares to both the above parties by debiting the parties for payment of these shares against credit balances. The Reserve Bank's approval was not required for this issuance because this was our policy. The company again issued a capital of Rs. 10 lakhs the payment of which was made out of the sale proceeds of gold bars transferred by the company in London to the Chartered Bank of India. This issue was with the approval of the R.B.I. The increase

of Rs. 230 lakhs in the paid up capital of the company was effected by successive bonus issues in 1949 and 1966. I have given you the entire growth of the capital since the formation of the company to 1966.

SHRI BABUBHAI M. CHINAI : According to you it is cent per cent foreign investment.

SHRI Y. B. CHAVAN : It is.

SHRI BABUBHAI M. CHINAI : Sir, you have now given permission to expand them and given further equity shares is it only for them or is it for Indians also?

SHRI Y. B. CHAVAN : Indians also.

SHRI BABUBHAI M. CHINAI : How it is Indians when it is given at premium?

MR. CHAIRMAN : No more discussion.

SHRI BABUBHAI M. CHINAI : I am just finding out.

MR. CHAIRMAN : You have put your question.

SHRI Y. B. CHAVAN : The present formula will work out to more than 25 per cent. It will be more than 30 per cent.

श्री मान सिंह वर्मा : क्या सरकार को इस तथ्य की जानकारी है कि बाटा शू कम्पनी अपने माल र शत प्रतिशत से भी अधिक नफा लेती है विशेष रूप से चमड़े के जूतों पर जो कि वह प्रायः आगरा के मार्केट से खरीदती है और जो छोटे-छोटे मैनफैक्चरर्स हैं उनके द्वारा वह बनवाती है और उन पर बहुत अधिक मुनाफा लेती है। यदि यह तथ्य ज्ञात है तो इस शोषण को रोकने के लिये सरकार की तरफ से क्या कोई कार्यवाही की जा रही है। उधर तो उनकी पूंजी बढ़ती जा रही है और इधर जो छोटे छोटे आदमी हैं जो कि सचमुच में हाथ से काम करते हैं उनका नुकसान हो रहा है तो इसके प्रति भी सरकार का रुख क्या है यह मैं जानना चाहता हूं।

SHRI Y. B. CHAVAN : This is the only way we can increase the share of the Indian holdings in it. This is one of the important steps that we are taking.

SHRI BHUPESH GUPTA : Sir, I should like to know whether the Government has cared to find out exactly what the remittance is, on account of the foreign investment in this concern.

SHRI Y. B. CHAVAN : I gave that information.

MR. CHAIRMAN : He has given it. Next question.

OVERTIME ALLOWED PAID BY NATIONALISED BANKS

*295. **SHRI M. K. MOHTA :**
SHRI LOKANATH MISRA :
SHRI DAHYABHAI V. PATEL :
SHRI DEBANANDA AMAT :
SHRI SUNDAR MANI PATEL :

With the Minister of FINANCE be pleased to stated:

(a) the amount of overtime allowance paid by the nationalised banks to their employees since the nationalisation of these banks (year-wise and bank-wise); and

(b) the amount of such allowance paid to the staff by these banks two years before nationalisation (year-wise)?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN) : (a) and (b) A statement is laid on the Table of the House [See Appendix LXXXIV, Annexure No. 52].

SHRI M. K. MOHTA : Sir, the statement reveals that the overtime payments have gone up three times in most cases and nearly 12 times in one particular case, in the case of

†The question was actually asked on the floor of the House by Shri M. K. Mohta.