

3. National Co-operative consumers Federation and the chain of co-operative institutions affiliated to them.

4. Fair price shops run under the aegis of the State Government.

5. Any other agency in the co-operative sector specified by the State Government concerned.

The retail price of controlled cloth has also been reduced from 20% to 12½% over the exfactory price.

MISUSE OF EXPORT INCENTIVES

*160. DR. K. MATHEW KURIAN : Will the Minister of FOREIGN TRADE be pleased to state :

(a) the total number of cases involving misuse of export incentives detected during the past three years; and

(b) the details of action taken in this regard ?

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (SHRI A. C. GEORGE) : (a) and (b) The information is being collected and will be laid on the Table of the House.

PRICES OF COTTON

*161. SHRI M. K. MOHTA : Will the Minister of FOREIGN TRADE be pleased to state :

(a) whether it is a fact that raw cotton prices have registered a sharp rise recently; and

(b) if so, the steps contemplated by Government in this regard ?

THE MINISTER OF FOREIGN TRADE (SHRI L. N. MISHRA) : (a) and (b) There has been a slight increase in prices of raw cotton which is due to seasonal variations. The prices are expected to stabilise as the cotton season advances.

SMUGGLING OF INDIAN MOTION PICTURES OUT OF INDIA

♦162. SHRI S.A. K. HAJA MOHIDEEN; SHRI VENIGALLA SATYANARAYANA :

Will the Minister of FINANCE be pleased to state :

(a) whether Government are aware* that a large number of Indian motion pictures are being smuggled out of the country without any customs checks; and

(b) if so, the steps taken by Government to check this leakage ?

THE MINISTER OF REVENUE AND EXPENDITURE (SHRI K. R. GANESH) : (a) In view of the seizures made by the Customs authorities from time to time of Indian films attempted to be smuggled out of the country it can be said that Indian motion pictures are being smuggled out of the country.

(b) The following measures have been taken to prevent the smuggling of goods including smuggling out of Indian films : Systematic collection and follow-up of information, keeping a watchful eye on the suspected smugglers, and on vulnerable sectors along the coast. Some senior officers of the rank of Collectors of Customs, Additional Collectors of Customs and Asstt. Collectors of Customs have been posted in vulnerable areas to look after anti-smuggling work exclusively. Extra vigilance is exercised in examination of suspected baggage and parcels sent out of the country.

*163. [Transferred to the 29th November, 1972].

EXPORT OF SEMI-FINISHED SKINS

♦164. SHRI N. R. DHOUDHURY : SHRI PRANAB KUMAR MUKHERJEE : SHRI KALYAN ROY :

Will the Minister of FOREIGN TRADE be pleased to state :

(a) whether it is a fact that due to export of semi-tanned sheep skins, the leather industry in the country, particularly in West Bengal, is suffering from shortage of raw material; and

(b) if so, whether Government propose to curb the export of semi-finished leather, if not, the reasons therefor ?

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (SHRI A. C. GEORGE) : (a) and (b) On account of large exports of semi-tanned hides and

skins during the current year, leather industry in the country is experiencing shortage of raw material to some extent. The situation is under examination and Government is considering steps to meet it.

FOREIGN ENGINEERING COMPANIES

*165. SHRI KALI MUKHERJEE : Will the Minister of FINANCE be pleased to state :

(a) the names of the foreign engineering companies operating in India with 50 per cent or more of equity shares in foreign hands;

(b) the amount remitted abroad by each one of them during the past three years; and

(c) the steps taken by Government for early Indianisation of these concerns ?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN) : (a) and (b) Information is being collected and will be laid on the Table of the Rajya Sabha to the extent it becomes available.

(c) Whenever foreign majority companies including foreign engineering companies are granted expansion, opportunity is taken to dilute the foreign shareholding in such companies accordance with the guidelines announced in the Press Note dated the 19th February, 1972. A copy of the Press Note is laid on the Table of the Rajya Sabha.

Cases of all companies having 40% or more of foreign shareholding in them will come up for review after "The Foreign Exchange Regulation Bill, 1972", which was introduced in the parliament during the last session, is enacted.

STATEMENT

PRESS NOTE

*New Delhi the 19th February, 1972.
Magh 30, 1893 (Saka)*

SUBJECT.—*Guidelines for reduction of foreign holding in foreign majority companies.*

The question of formulating a workable relationship between the size of any expansion

allowed to a foreign majority company and the extent of dilution in its foreign holdings to be stipulated as a condition thereof, has been examined and it has now been decided by the Government that companies with foreign holdings exceeding 75% will raise 40% of the estimated cost of expansion, by issue of additional equity capital (inclusive of premium, if any) to Indians only; the corresponding proportions for companies with foreign holdings exceeding 60% but not exceeding 75%, and those with foreign holdings exceeding 51% but not exceeding 60%, will be 33 1/3 % and 25% respectively. The companies concerned will be given a reasonable time limit for fulfilling the condition.

2. The companies will settle with the Controller of Capital Issues the total amount to be raised, its break-up into the face value of the issue and the premium to be charged thereon, and the timing of the issue. It would be permissible for the companies to suggest to the Controller of Capital Issues the clubbing of their obligations in case more than one expansion happens to get sanctioned to them at about the same time.

3. The cost of expansion referred to above represents the cost of the land, building, and plant and Machinery required for the expansion. Also, the reference to foreign holding relates only to the direct nonresident holdings.

4. The expansion of the capital base resulting from the application of the formula will be independent of any further expansion that might result from the operation of the convertibility clause in respect of loan assistance to be provided by public financial institutions for the same expansion.

RECOMMENDATIONS OF CENTRAL TEAM FOR FINANCIAL ASSISTANCE TO WEST BENGAL

*166 DR. R. K. CHAKRABARTI :
SHRI K. B. CHETTRI : SARDAR
AMJAD ALI :

Will the Minister of Finance be pleased to state whether in view of the acute drought situation in West Bengal, the recommendations of the Central team in respect of financial assistance to the State are being implemented ?