

FOREIGN FIRMS IN INDIA

559. SHRI K.C. PANDA :
SHRI K.L.N. PRASAD :
SHRI SUNDAR MANI PATEL:

Will the Minister of FINANCE be pleased to state :

(a) whether Government have formulated any proposals in regard to expansion and 'Indianisation' of foreign firms operating in India ; and

(b) if so, the details thereof ?

THE MINISTER OF FINANCE (SHRI Y.B. CHAVAN) : (a) and (b) Government have recently devised guidelines to govern the dilution of foreign shareholding to be secured in foreign majority companies whenever they are granted expansions under the industrial licensing policy of the Government. A copy of the press note issued in this connection is laid on the Table of the Rajya Sabha. [See below.]

PRESS NOTE

GOVERNMENT OF INDIA
(Bharat Sarkar)

MINISTRY OF FINANCE
(Vitta Mantralaya)

DEPARTMENT OF ECONOMIC
AFFAIRS
(Arthik Karya Vibhag)

New Delhi, the 19th February, 1972. 30th Magh,
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 $\frac{1}{3}$ % 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 non-resident 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.

CONSTITUTION OF HIGH POWER COMMITTEE

560. SHRI K. P. SINGH DEO : Will the Minister of DEFENCE be pleased to state :

(a) whether it is a fact that Government have constituted a high powered committee to look into certain aspects of the Territorial Army ;

(b) if so, the composition and terms of reference of the Committee ;

(c) whether the Committee has since submitted its report ; and

(d) if so, the salient points thereof ?

THE MINISTER OF DEFENCE (SHRI JAGJIVAN RAM) : (a) to (d) A Statement is attached.

STATEMENT

The Territorial Army Committee was constituted by the Government in March, 1970 under the Chairmanship of Lt. Gen. Yadavindra Singh of Patiala. The following were the members of the Committee :—

Non-Official members

Shri Ram Niwas Mirdha, MP (upto 7th July 1970)

Shri Dalpat Singh MP (In place of Shri R.N. Mirdha)

Shri Yajna Datt Sharma, MP

Lt. Gen. Moti Sagar, PYSM (Retired)

Colonel B.N. Khanna (Retired)

Official members

Deputy Chief of the Army Staff.

Adjutant General, Army Headquarters.

Joint Secretary (G), Ministry of Defence.

Secretary

Director, Territorial Army.

2. The following were the terms of reference of the Committee :—

(i) To review and reassess the existing terms and conditions of service in the Territorial Army and recommend measures to rationalise them with a view to making service in the Territorial Army more attractive.

(ii) To suggest suitable measures for improving recruitment to the Territorial Army.

(iii) To suggest ways and means for making the Territorial Army more useful.

3. The committee submitted its report to Government in December 1970, The salient points in the Report are :—

(i) The role of the Territorial Army should be modified to provide for embodiment of departmental units to run essential services, if so required, in emergency situations.

(ii) The rate of Daily Allowance to TA officers during their training in camps should be increased from Rs. 5/- to Rs. 10/-.

(iii) Retention examination for officers, and map reading and promotion tests for personnel of the departmental units and General Hospitals (TA) should be abolished.

(iv) The rates of terminal gratuity should be raised.

(v) Service liability of an other rank should be reduced to seven years colour service with no reserve liability.

4. The recommendations of the Territorial Army Committee were considered by a "Task Force" under the Chairmanship of the Joint Secretary (G), Ministry of Defence. The examination of the Report has been completed. Out of a total of 63 recommendations of the Territorial Army Committee, 36 have been accepted and implemented, 14 recommendations have not been accepted and the remaining 13 are under consideration of the Government.

FUNCTIONS AND CONDITIONS OF SERVICE OF TERRITORIAL ARMY PERSONNEL

561. SHRI K. P. SINGH DEO: Will the Minister of DEFENCE be pleased to state :

(a) what are the functions assigned to the Territorial Army Personnel ; and

(b) what are their conditions of service, as regards the pensionary benefits avenues of promotions and amenities as compared to the ranks and service in the regular army ?

THE MINISTER OF DEFENCE (SHRI JAGJIVAN RAM): (a) and (b) A statement is attached.

STATEMENT

The functions assigned to the territorial Army are (i) to relieve the regular Army of static duties and to aid the civil power in dealing with natural calamities and maintenance of essential services in situations where the life of the community is affected or the security of the country is threatened ; (ii) to provide air defence, as necessary ; and (iii) to provide units for the Regular Army, if and when required.