

FINANCE

Summary of Questions Asked

Various issues to protect small investors, benefit the middle class, honest tax payers, companies and issues connected with small investors of Mumbai raised. More fund for the development of Mumbai issues regarding NBFC Plantation Division, SEBI, UTI were consistently raised.

1) *Sanchyani Finance :*

Attention of the Ministry, SEBI, Police, RBI have been drawn to protect small investors and to get back money of Sanchayani Savings.

2) *Housing Loan :*

Raising the Income Tax benefit limit for housing loan. More incentives for housing finance and getting Government's attention.

3) *Duty exemption on Life saving drugs :*

Raising issues to get exemption of Custom (Import) Duty, Excise Duty on Life Saving Drugs, HIV-AIDS drugs. Successfully getting withdrawn such duties and making such medicines available at cheaper prices.

4) *Defaulting NBFCs :*

Getting attention of RBI, DCA, Ministry to various defaulting NBFCs including Lloyds Finance, Ceat Financial Services. Getting Investors' Relief to get back their money in installment.

LOK SABHA

QUESTION NO 4102

ANSWERED ON 23.03.2001

COMMITTEE OF FINANCIAL INSTITUTIONS

Will the Minister of FINANCE be pleased to state:-

- (a) whether Inter-Institutional Committee formed by IDBI, IFCI and ICICI to prepare norms and procedure of film financing has submitted its report to the Government;
- (b) if so, the details thereof and the main recommendations made by the Committee; and
- (c) the time by which these recommendations are likely to be implemented?

ANSWER

(a) to (c): The Joint Institutional Committee set up by IDBI on Financing of Entertainment Industry including Films is yet to submit its final report to the Government.

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LOK SABHA

QUESTION NO 5333

ANSWERED ON 22.12.2000

AQUISITION OF BANKS BY LIC

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have given consent to LIC to acquire banks;
- (b) whether LIC has planned to acquire a private bank;
- (c) if so, the reasons and objectives behind such decision; and
- (d) the manner in which it is likely to help LIC to increase its efficiency?

ANSWER

- (a) No, Sir.
- (b) LIC has informed that they have no plans to acquire any private bank.
- (c) & (d) Do not arise, in view of answer to (a) and (b) above.

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LOK SABHA

QUESTION NO 5236

ANSWERED ON 20.04.2001

CBI RAID ON INCOME TAX OFFICIALS

Will the Minister of FINANCE be pleased to state:-

- (a) whether CBI raided some Income Tax Officials in the second week of March, 2001;
- (b) if so, the details thereof and the outcome of the raids;
- (c) the number of raids conducted by CBI on the Income Tax Officers during the last three years;
- (d) whether it is a fact that the number of such corrupt officials in income tax, customs and excise departments are on the increase;
- (e) if so, whether there is any machinery excluding departmental to check the misuse of official powers by these officials; and
- (f) if so, the details thereof and if not, the step being taken by the Government to keep check on the assets of these officials?

ANSWER

- (a) Yes, Sir.
- (b) Raids were conducted on one Addl.CIT and one ITO on 6.3.2001 and 13.3.2001 respectively. Both the Officers have been placed under suspension.
- (c)

Year	Number of raids
1998-1999	7
1999-2000	7
2000-2001	7
- (d) The available data (number of disciplinary cases and prosecution) do not show that the number of corrupt officials in these departments is on the increase.
- (e)&(f) : Do not arise.

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LOK SABHA

QUESTION NO 7267

ANSWERED ON 12.05.2000

CHEATING OF KIRLOSKAR INVESTMENT AND FINANCE LIMITED

Will the Minister of FINANCE be pleased to state:-

- (a) whether Kirloskar Investment and Finance Limited has defaulted in making payment of interest and original deposit amount to the investors;
- (b) if so, whether investors have lodged a complaint with various regulatory agencies against the management of this company;
- (c) whether the Kirloskar Group after duping Rs.122 crore from small investors have sold the ownership to an unknown person in Gujarat;
- (d) if so, whether the new owner plans to change the name of the company and also the nature of the business to Software Technology;
- (e) if so, whether the managements of KIFL have started manipulating their own scrip in the secondary market;
- (f) if so, whether Investors' Grievances Forum has made a representation against these unscrupulous promoters to the regulatory agencies; and
- (g) if so, the steps being taken by the Government to help the small investors?

ANSWER

- (a) Yes, Sir.
- (b) Yes, Sir. Many depositors have lodged complaints against the Company with the Reserve Bank of India as well as with the Company Law Board.
- (c) Kirloskar Group to which M/s Kirloskar Investments and Finance Ltd. be-longed, have sold their controlling stake in the Company to Ahmedabad-based Shri Hari Singh Champawat and his associates.
- (d) The Company had applied to Registrar of Companies for a change in its name from Kirloskar Investments and Finance Ltd. to KIRFIN INVESTMENTS AND FINANCE LTD. However, the Annual General Meeting (AGM) of the Company did not approve the proposal and hence the resolution was withdrawn. The AGM of the Company approved its Board's resolution to enter into information Technology including software business.
- (e) Securities and Exchange Board of India (SEBI) has reported that certain reports regarding alleged price manipulation in the scrip of M/s Kirloskar Investment and Financial Limited were received in SEBI. In the course of the enquiry, Bombay Stock Exchange has reported that no connection/evidence regarding transfer of funds was established between various brokers/clients who had dealt in this scrip and the company.
- (f) Yes, Sir.
- (g) In order to protect the interests of depositors, RBI has taken a large number of steps which include, inter-alia, issuance of a Prohibitory Order restraining the Company from accepting deposits and alienating its assets, rejection of Company's application for Certificate of Registration filing of a Winding Up Petition and appointment of a Special Officer to monitor day-to-day functioning of the Company, etc.

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LOK SABHA

QUESTION NO 5427

ANSWERED ON 22.12.2000

CLOSURE OF OTC EXCHANGE

Will the Minister of FINANCE be pleased to state:-

- (a) whether NSC has withdrawn from running the Over the Counter Exchange of India;
- (b) if so, the reasons therefor;
- (c) whether small investors have lost thousands of crores of their savings due to the closure of OTC Exchange of India; and
- (d) if so, the remedial measures taken in this regard;

ANSWER

- (a) & (b) The National Stock Exchange (NSE) has intimated that NSE is neither a promoter nor a shareholder of Over the Counter Exchange of India (OTCEI). However, on the request of OTCEI, NSE had deputed an officer to revamp the systems and for technology up-gradation of OTCEI. On completion of this specific assignment, the officer has returned to NSE.
- (c) & (d) : The Securities and Exchange Board of India has intimated that there is no proposal to close down the OTCEI. So far 115 small to medium cap companies have raised equity to the extent of Rs. 342.52 crore through the exchange and 114 companies continue to be listed on the Exchange. The market capitalisation of these companies as on 31st October, 2000 is Rs.388.64 crore.

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LOK SABHA

QUESTION NO 4194

ANSWERED ON 14.12.2001

AMENDMENT IN NOMINATION CLAUSE BY SEBI

Will the Minister of FINANCE be pleased to state:-

- (a) whether SEBI has requested the Union Government for amending existing regulations for offering legal sanctity to nomination clauses offered by the private sector mutual funds;
- (b) if so, the details and the reasons therefor; and
- (c) the steps taken by the Government in this regard?

ANSWER

- (a) No, Sir.
- (b) & (c) Do not arise.

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LOK SABHA

QUESTION NO 4233

ANSWERED ON 15.12.2000

COMMITTEE ON SMALL INVESTORS

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have appointed a committee under the Chairmanship of Dr. Mitra of National School of Law, Bangalore to study the problems of small investors;
- (b) if so, the terms of reference made to the Committee; and
- (c) the time by which the Committee is likely to submit its report to the Government?

ANSWER

- (a) On the suggestion of the Ministry of Finance, the Securities and Exchange Board of India (SEBI) requested Prof. N.L. Mitra, former Principal, National School of Law, Bangalore, to conduct a study and prepare a draft on legislation for investor protection.
- (b) The terms of reference for this study include, inter-alia, examination of the necessity for a separate law for investor protection vis-à-vis existing legislation; identification of provisions/powers which a regulatory authority must have for investor protection; to examine whether the regulator should have the power to restrict access to the capital market by prohibiting issues under certain circumstances; to consider provisions for disgorging of undue gains and to guard against asset stripping and siphoning of funds; to identify provisions for recovery of money from the company/its directors and to compensate aggrieved investors; examination of the existing redressal mechanisms for investors etc.

- (c) Prof. Mitra has been requested to complete the study and submit the report at the earliest.

Annexure referred to in the reply to Part (b) of Lok Sabha Unstarred Question No. 4233 for answer on Friday, the 15th December 2000, by Shri Kirit Somaiya regarding Committee on Small Investors Terms of Reference for the Study on Legislation for Investor Protection

1. Whether there should be a separate law for investor protection or whether existing laws such as the SEBI Act can be amended to incorporate provisions relating to investor protection.
2. To define the word 'investor' and to determine the regulatory authority for different securities/instruments through which resources are raised from investors.
3. To identify the provisions/powers which a regulatory authority should have for investor protection.
4. To identify the stage at which there should be legal protection for investors and to decide on the extent of such protection.
5. To examine whether the regulator should have powers to restrict access to the capital market by prohibiting issues under certain circumstances.
6. To consider provisions in the legislation for disgorging of undue gains and to guard against any asset stripping and siphoning of funds.
7. To identify the provisions relating to prevention, penalty or deterrent provisions.
8. To identify provisions for recovery of money from the company and its directors and for compensation to aggrieved investors.
9. To examine the redressal mechanism for investors - whether there should be a separate court or tribunal which all investors could approach.
10. To suggest a mechanism for co-ordination/consultation amongst the regulatory authorities for the capital market.
11. To identify the provisions relating to prevention, investigation, penalties and enforcement in respect of investor protection.

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LOK SABHA

QUESTION NO 6038

ANSWERED ON 31.08.2001

**COMPLAINTS AGAINST
SANCHAYANI SAVINGS AND INVESTMENT CO.**

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have received several complaints against Sanchayani Savings and Investment Co.;
- (b) whether several Investors Associations including Investors Grievances Forum have lodged complaint regarding this;
- (c) if so, the details thereof; and
- (d) the action taken by the Government in this regard ?

ANSWER

- (a) Yes, Sir.
- (b) No, Sir.
- (c) Does not arise.
- (d) Sanchayani Savings and Investment (I) Ltd. (SSIL) was prohibited by the Reserve Bank of India on November 23, 1994 from acceptance of deposits. However, Calcutta High Court set aside the Prohibitory Order on July 23, 1996. The Bank on February 6, 1999 instructed the Company to stop immediately accepting fresh deposits and a special officer was also appointed to oversee the functioning of the Company with effect from April 1, 1999. The Company filed a Writ Petition before the Bombay High Court, Nagpur Bench challenging the appointment of special officer as also the instructions relating to non-acceptance of deposits. By an interim order dated April 13, 1999 the Nagpur Bench of the Bombay High Court has directed the maintenance of status quo. The Calcutta High Court, in its order dated August 6 and 10, 1999 had restrained the Company by an order of injunction from accepting any further deposits and directed the appointment of Hon'ble Justice Amal Kumar Chatterjee, a retired Judge, as a Special Officer of SSIL. The Division Bench, in its interim order dated 15th September 1999, allowed the continuance of the Special Officer appointed by the trial court. The SSIL has filed a Special Leave Petition before the Supreme Court of India on November 3, 1999 against the Division Bench order. Pending further order, an order of status quo as of November 3, 1999 was passed by the Supreme Court of India on November 22, 1999. The Bank has filed a transfer petition on April 28, 2000 before the Supreme Court for transferring all the cases, filed by the Company at various Courts, to the Supreme Court and prohibit the Company from accepting deposits from public. The matter is pending in the Supreme Court.

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LOK SABHA

QUESTION NO 858

ANSWERED ON 19.07.2002

CONDITIONS OF IPO

Will the Minister of FINANCE be pleased to state:-

- (a) whether some Multi National Companies have approached the Government to withdraw the condition regarding Initial Public Offer;
- (b) if so, the details in this regard; and
- (c) the response of the Government in this regard?

ANSWER

(a) to (c): In the recent times, four companies holding foreign collaboration approvals approached the Government for waiver of divestment condition and the Government have turned down the requests in all the four cases.

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LOK SABHA

QUESTION NO 2174

ANSWERED ON 04.08.2000

CRB SCAM

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Central Bureau of Investigation inquiry of CRB Scam is over;
- (b) if so, the outcome thereof;
- (c) the details of officials of SEBI and Reserve Bank of India found guilty in this regard; and
- (d) the further action taken by the Government in this regard?

ANSWER

(a) & (b) As per information provided by the Central Bureau of Investigation (CBI), 2 cases were registered against Shri C.R. Bansali & others for cheating the State Bank of India (SBI) and the Bank of Baroda respectively. In the former case, charge sheets have been filed before the Special Judge for CBI cases, Mumbai. The second case is under investigation.

(c) & (d) CBI has informed that an inquiry against an officer of the Securities and Exchange Board of India (SEBI) is over and the matter is under legal scrutiny.

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LOK SABHA

QUESTION NO 5946

ANSWERED ON 31.08.2001

CONTRIBUTION OF MAHARASHTRA IN CENTRAL REVENUE

Will the Minister of FINANCE be pleased to state:-

- (a) the total Central Revenue contribution by the Maharashtra State;
- (b) the allocation made to Maharashtra from the Central funds in the past three years; and
- (c) the details of the performance of tax collection in Maharashtra?

ANSWER

- (a) The collection of excise duty, corporation tax and income tax in respect of Maharashtra State (Mumbai and Pune region) during 2000-2001 is provisionally estimated at Rs. 39043 crore.
- (b) The allocation made to the State Government of Maharashtra during the last three years as assistance towards States' Annual Plan, share in Central Taxes and grants-in-aid recommended by the Finance Commission, is as under:-

(Rs. in crore)

1998-1999	4525.20
1999-2000	4501.36
2000-2001	5066.17

- (c) The details of tax collection in respect of Maharashtra State indicating the performance during the last 3 years, are as under:-

(Rs. in crore)

	1998-99	1999-2000	2000-2001
Excise duty	12579	13034	13133
Corporation Tax	11901	14199	16301
Income Tax	6041	8405	9609

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LOK SABHA

QUESTION NO 1298

ANSWERED ON 02.03.2001

CUSTOMS EXCISE GOLD CONTROL APPELLATE TRIBUNAL

Will the Minister of FINANCE be pleased to state:-

- (a) the number of benches of Customs, Excise & Gold (Control) Appellate Tribunal (CEGAT) at present in the country and location thereof;
- (b) whether these benches are sufficient to settle the pending cases;
- (c) the number of cases pending at each bench at present;
- (d) whether keeping in view the bulk of pending cases and their timely disposal the Government propose to open some more benches;
- (e) if so, the details thereof and locations thereof;
- (f) if not, the reasons therefor;
- (g) whether there is full time President of CEGAT; and
- (h) if not, the time by which a full time President is to be provided at CEGAT?

ANSWER

- a) Sir, there are 11 (eleven) benches of Customs, Excise & Gold (Control) Appellate Tribunal (CEGAT), located at Delhi, Mumbai, Kolkata, Chennai and Bangalore.
- (b) Yes, Sir.
- (c) The number of cases pending as on 31.12.2000 are as follows :-

Delhi	:	2,426
Mumbai	:	17,037
Kolkata	:	541
Chennai & Bangalore +	:	8,407
Total Pendency	:	28,411

+ (The Bench at Bangalore was notified on 14.12.2000 and its jurisdiction carved out of the erstwhile Southern Regional Bench at Chennai. Therefore, the pendency for Chennai and Bangalore has been clubbed.)

- (d), (e) & (f) : Since the pendency at Mumbai is high, it has been decided to shift four Members from Delhi to Mumbai.
- (g) Yes, Sir.
- (h) Does not arise.

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LOK SABHA

QUESTION NO 5114

ANSWERED ON 20.04.2001

DEBT SECURITIES

Will the Minister of FINANCE be pleased to state:-

- (a) whether SEBI has allowed companies to issue debt securities to the public without listing equity;
- (b) if so, the details thereof;
- (c) whether this facility is at present available only to infrastructure companies and municipal corporations;
- (d) if so, the reasons for allowing companies to issue debt securities; and
- (e) the other conditions laid down for allowing companies to issue debt securities?

ANSWER

- (a) The Securities and Exchange Board of India (SEBI) decided in March 2001, to allow all companies to issue debt securities to the public without listing equity, subject to fulfilling certain conditions.
- (b) The details and conditions for issuing of such debt securities include inter alia, as follows. The securities proposed to be issued shall carry an investment grade rating. The issuer has to comply with existing provisions for listing regarding the size of the public offer of debt securities. The promoters have to bring in an equity contribution of 20% and lock-in the same for a period of 3 years from the date of allotment of the public issue. Disclosure standards prescribed for public issue of equity will be applicable. Further, there are provisions under the Companies Act to safeguard the interests of investors in such securities.
- (c) Yes, Sir.
- (d) This has been done with a view to further developing the debt market.
- (e) As in (b) above.

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LOK SABHA

QUESTION NO 1049

ANSWERED ON 24.11.2000

DEEPAK PAREKH COMMITTEE REPORT ON UTI

Will the Minister of FINANCE be pleased to state:-

- (a) the main recommendations of the Deepak Parekh Committee to revamp /reorganise UTI and UTI-64;
- (b) the recommendations which have been implemented so far;
- (c) the time schedule for implementing the remaining recommendations of the committee;
- (d) whether the Government propose to amend the UTI Act to bring all the schemes of UTI under the purview of SEBI; and
- (e) if so, by when?

ANSWER

- (a),(b) & (c) The Deepak Parekh Committee made a total of 19 recommendations of which 10 have been implemented by the Unit Trust of India (UTI). These include creation of Special Unit Scheme 1999 (SUS 99) and transfer of PSU stocks to SUS 99 subscribed by Government, launching of a new UTI scheme for investing in the equity of growth stocks, shift to NAV based pricing, greater responsibility and authority to trustees, appointment of separate and independent fund managers for various schemes etc. Six recommendations are in various stages of implementation and the remaining three are yet to be implemented. These include the recommendation to make the US-64 scheme of UTI NAV- driven; setting up of a separate asset management company; and increasing the number of trustees. While UTI is taking action to make US-64 NAV driven by February 2002, the remaining two recommendations require amendments to the UTI Act.
- (d) & (e) All schemes floated by UTI after July 1994 are within the regulatory purview of the Securities and Exchange Board of India. In July 2000, as suggested by the Government, UTI set up a Committee on Corporate Positioning to review its competitive and commercial positioning in the light of financial sector reforms and developments in the mutual fund industry, which may lead to suitable amendments in the relevant legislation.

Annexure referred to in the reply to Lok Sabha Unstarred No.1049 regarding the Deepak Parekh Committee Report on UTI, for answer on 24th November 2000.

Recommendations already implemented

- Initial contributors to infuse permanent funds of at least Rs. 500 crore
- Create a Special Unit Scheme 99(SUS99)
- Transfer PSU stocks & Government subscribes to SUS 99, by issuing dated GOI securities.
- Remove tax on income distributed by US 64 and schemes investing more than 50% in equity.

- Launch of a new UTI scheme for investing in the equity of growth stocks in IT, Pharma and FMCG sectors.
- Trustees to assume higher degree of responsibility and exercise greater authority
- Chinese walls to be created by appointing separate and independent fund managers for each scheme
- Inter-scheme transfers to be effected based on independent decisions and requirements of concerned fund managers and at market determined prices.
- Independent fund manager for US-64 with full responsibility and accountability.
- Fund manager should be helped by strong research team and research capability should be strengthened
- Investment/disinvestments decisions to be based on research analysts' recommendations - analysis to have authority and responsibility.
- Fund manager to have final authority and responsibility in decision making based on his perception of the market and research inputs.
- Dividend distribution policy to be thoroughly revamped to ensure that the scheme is responsive to changing market conditions. Needs to follow a more conservative approach to build up sufficient reserves during periods of good performance. As a rule, dividend needs to be curtailed when there is inadequate income.
- The rate of return offered to investors to be reviewed on a periodic basis.

Recommendations already considered for implementation

- Strategic sale of significant equity holdings by negotiation to the highest bidder, where ever feasible .
- Increase in remuneration of Trustees and publication of attendance record of Trustees in Annual Report.
- Focus on small investors to be strengthened and towards corporate investors reduced.
- Spread between sale and repurchase prices be gradually increased to deter short term investors.
- Portfolio composition to be changed to provide for more weightage to debt in US 64 portfolio consistent with Scheme objectives.
- Operations of US 64 be brought under SEBI purview at the earliest. This would ensure transparency to unitholders and would significantly enhance investor confidence.
- To commission an independent professional firm for detailed review of asset management processes including back office, inter scheme transfer and investor servicing.

Recommendations which are yet to be implemented

- Increase size of UTI Board to 15, with additional 5 members being co-opted by the Board. Needs amendment to UTI Act.
- Separate Asset Management Company for US-64 with an independent Board of Directors. Needs amendment to UTI Act.
- Make US-64 NAV-driven in three years - UTI is taking steps to make US-64 NAV driven within the specified period.

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LOK SABHA

QUESTION NO 2952

ANSWERED ON 10.08.2001

DEFAULTING NON-BANKING FINANCIAL COMPANIES

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have initiated action against 20 major defaulting NBFCs;
- (b) if so, the details thereof;
- (c) the details of 50 major NBFCs having mobilised deposit of more than Rs. 20 crores from the public and the present status of these NBFCs; and
- (d) the action taken by RBI/Company Law Board against CEAT Financial, Indian Seamless Financial and other companies ?

ANSWER

(a), (b), (c) & (d) :- As per Reserve Bank of India, there are 50 major NBFCs holding public deposits of more than Rs. 20.00 crore as on 31.3.2001. Out of these, RBI has taken action against 17 major defaulting NBFCs in the form of rejection of their applications for Certificate of Registration, issuing prohibitory orders, institution of Criminal complaints, winding up petition, etc. Among the remaining 33 companies, functioning of 27 companies is normal, 6 are facing certain temporary liquidity problems but are not defaulting in repayment of public deposits. Details of 50 such NBFCs, including 17 major defaulting NBFCs, are at Annexure. Action taken by RBI/Company Law Board against 17 major defaulting NBFCs is shown against each company in this Annexure. The Eastern Region Bench of Company Law Board had passed 9 orders in respect of CFL Capital Financial Services Ltd. (Formerly known as CEAT Financial Services Ltd.) up to 18.4.2001 covering amounts aggregating Rs. 51,47,307.00 for 194 depositors. Company Law Board has further issued an order on 26.6.2001 prescribing a schedule of repayment covering a total of 93501 depositors with outstanding deposits of Rs. 1,58,99,62,756.00 (includes interest up to maturity) maturing between 1.4.2000 to 31.3.2005. The Company's position is closely monitored by the Bank. The Indian Seamless Financial has merged with one of its associate companies, viz. Indian Seamless Securities Ltd. in terms of the final order passed by the Hon'ble High Court on 23.11.2000 on the scheme of amalgamation. The Company had outstanding deposits of Rs. 3.11 crore as on 31.10.2000. The Company Law Board had passed orders on 14.2.2000 and 23.2.2000 for 7 deposits of Rs. 0.78 lakh and 21 deposits of Rs. 2.43 lakh respectively. The Company has complied with the Company Law Board orders by effecting payments as per the Scheme of Arrangement approved by the High Court vide its orders dated 23.11.2000. However, it has not submitted affidavits of compliance with the Company Law Board orders so far.

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LOKSABHA

QUESTION NO 515

ANSWERED ON 23.02.2001

DEVELOPMENT ASSISTANCE TO INDIA BY U.K.

Will the Minister of FINANCE be pleased to state:-

- (a) whether UK has decided to triple its development assistance to India;
- (b) if so, the details thereof,
- (c) the total funds likely to be made available to India during the next three years;
- (d) whether UK Secretary of State for International Development has released White Paper on Globalization of Economies while on a visit to India;
- (e) if so, whether India has gone through the White paper; and
- (f) the main points of the benefit to India brought out in that White Paper?

ANSWER

- (a), (b) & (c): After the recent visit of Ms. Clare Short, Secretary of State for International Development, United Kingdom, she has sent a letter to Finance Minister indicating UK's plan atleast to triple their direct assistance to India - from present around Rs. 700 crores to more than Rs. 2000 crores a year, in three years time. However, the UK Government has not yet conveyed their approval thereto.
- (d) The British Government has released a New White Paper in December, 1999 on International Development entitled 'Eliminating World Poverty: Making Globalization Work for the Poor'. This paper was launched in India during the visit of UK Secretary of State for International Development on 16.1.2001.
- (e) Yes, Sir.
- (f) It has been indicated in the White Paper that in India, the UK Government is developing effective partnership with World Bank and Asian Development Bank at State level. They are working alongside World Bank with the Governments of Andhra Pradesh and Orissa to improve economic performance and deliver a greater level of resources in support of pro-poor policies in these states. If good progress is made on policy reform, the UK will consider providing financial aid through the state budget alongside World Bank loans. In Madhya Pradesh, the UK is working in a similar way with the Asian Development Bank.

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LOK SABHA

QUESTION NO 4126

ANSWERED ON 23.03.2001

ECONOMIC REFORMS

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Economic Advisory Council of Prime Minister has recommended that the time has come for the Government to build on the nation wide consensus on economic reforms to carry over the realm of policy and implementation;
- (b) if so, the steps suggested by the Committee for consensus on economic reforms in the country;
- (c) the other recommendations made by the Committee regarding fiscal deficit and lowering income tax rate; and
- (d) the steps being taken by Government to implement the recommendations of the Advisory Council?

ANSWER

- (a) & (b): Yes Sir. The Prime Minister's Economic Advisory Council in its report on 'Economic Reforms - A Medium Term Perspective' has noted that a nationwide and broad based consensus to reform our economy and to put the individual states and the country as a whole on a path of higher productivity and growth is already in place. What is required now is for this consensus to be built upon and carried over into the realm of policy and implementation.
- (c) The Council has recommended identification of some critical areas for policy action which would bring about a significant reduction in the Centre's fiscal deficit over 3 to 4 year period. On the resource mobilisation front the recommendations include continuation of the basic strategy of lowering tax rates and broadening the tax base, moving towards a regime of low customs duties and plugging loopholes in the excise system. On the expenditure side it has suggested review of system of administered interest rates, downsizing of the central bureaucracy, rationalisation of subsidies, pension reforms etc.
- (d) The recommendations of the Prime Minister's Economic Advisory Council have been circulated to different Ministries for examination and appropriate action. The progress in this regard is being monitored.

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LOK SABHA

QUESTION NO 4129

ANSWERED ON 09.08.2002

EXCISE DUTY ON AIDS

Will the Minister of FINANCE be pleased to state:-

- (a) whether in the recent Budget, Excise Duty on AIDS medicines have been reduced by 16 per cent;
- (b) if so, whether their reduction in Excise Duty would percolate to common consumers; and
- (c) if not, the efforts/steps proposed to be taken by the Union Government to reduce the prices of AIDS medicines in the interest of the common masses?

ANSWER

- (a) In this year's budget, certain AIDS medicines have been fully exempted from excise duty.
- (b) & (c) The prices charged to the consumers are determined by market forces of demand and supply and depend on various factors like cost of inputs, R&D costs, product quality, sales promotion cost, trade commission, freight charges and taxes. There is no specific provision in excise laws for passing on the reduction in duty to the consumers. The prices of AIDS medicines are not under the control of the Government.

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LOK SABHA

QUESTION NO 2985

ANSWERED ON 16.03.2001

EXIM BANK

Will the Minister of FINANCE be pleased to state:-

- (a) Whether the Government have approved a complete revamp of the EXIM banks organizational structure;
- (b) if so, the details thereof;
- (c) whether a new structure is expected to enable the bank to become more customer responsive with focus on marketing particularly with requirement of exports;
- (d) if so, the details thereof; and
- (e) the time by which new organizational structure is to be ready for operations.

ANSWER

- (a) No, Sir.
- (b) to (e): Does not arise.

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LOK SABHA

QUESTION NO 730

ANSWERED ON 22.11.2002

EXCISE DUTY ON LIFE SAVING DRUGS

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:-

- (a) whether the Excise Department have started levying 60 percent excise duty on imported life-saving drugs, not manufactured in India;
- (b) if so, whether no custom duty, counter-value duty is levied on that;
- (c) if so, the reasons for levying 60 percent excise duty;
- (d) whether, the Government have received several representations from MP's Health Ministry, Cancer Patients Association and from others in this regard; and
- (e) if so, the details thereof with action taken or likely to be taken by the Government on the representations?'

ANSWER

- (a) No, Sir
- (b)& (c) do not arise in view of (a) above.
- (d) & (e) The life saving drugs and medicines covered under List 4 of notification No.21/2002-Customs dated 1-3-2002, are fully exempt from all import duties. In terms of note 5 to chapter 30 of Central Excise Tariff, the activity of labeling/re-labelling amounts to manufacture. As such these imported drugs were also liable to excise duty of 16% when labeled or relabeled so as to comply with the provisions of Drugs and Cosmetics Act, 1940 and Drugs (Prices Control) Order, 1995. A number of representations were received requesting for exemption from excise duty in this case. After examination of the whole issue Government have exempted, Life saving drugs or medicines specified in List 4, appended to the notification No.21/2002-Customs, dated 1-3-2002, when labeled or relabeled so as to comply with the provisions of Drugs and Cosmetics Act, 1940 and Drugs (Prices Control) Order, 1995, from central excise duty vide notification No.55/2002- Central Excise dated 7-11-2002.

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LOK SABHA

QUESTION NO 2021

ANSWERED ON 09.03.2001

FAKE CURRENCY NOTES

Will the Minister of FINANCE be pleased to state:-

- (a) whether there is a sharp rise of fake currency notes coming from abroad in Maharashtra particularly in Mumbai;
- (b) if so, the number of cases of fake currency notes detected by Custom officials during the last three years and value of fake currency notes seized;
- (c) whether recently fake currency notes worth Rs. 50 Lakhs were seized by Revenue Intelligence Bureau at Bombay Airport; and
- (d) if so, the steps being taken by the Government to check the Indian agents of fake currency notes in Mumbai?

ANSWER

- (a) & (b): Smuggling being a clandestine activity, it is not possible to make any assessment about the smuggling of fake currency notes. However, the details of cases of fake currency notes detected by Custom officials including Directorate of Revenue Intelligence (DRI) in Maharashtra, during last 3 years, are as under:-

Year	No. of case detected	Face value of fake currency notes seized (Rs. in Lakhs)
1998-99	NIL	NIL
1999-2000	NIL	NIL
2000-2001 (up to Feb.,2001)	3	69.47

(c) Yes, Sir.

- (d) All the field formations of Customs Department including Directorate of Revenue Intelligence have been alerted to collect intelligence in order to thwart any attempt of smuggling of fake currency notes.

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LOK SABHA

QUESTION NO 3057

ANSWERED ON 16.03.2001

FALL IN THE INTEREST RATE OF SMALL SAVINGS

Will the Minister of FINANCE be pleased to state:-

- (a) whether the continuous fall in the interest rate, the investors particularly small investors are facing dilemma;
- (b) if so, the details thereof;
- (c) whether the number of financial institutions opted for premature redemption of bonds of investors;
- (d) if so, the number of deep discount bonds redeemed by IDBI, IFCI and ICICI; and
- (e) the steps being taken by the Government to adopt middle path to bring the interests of small investors and give boost to economy?

ANSWER

- (a) & (b) The small savings schemes of the Government of India enjoy investor confidence even after revision of interest rates as the risk-return equation of these schemes is still favourable. There has been increase in the collections under small savings schemes including Public Provident Fund after revision of interest rates with effect from 1.1.1999 and 15.1.2000.
- (c) & (d) The information is being collected and will be laid on the Table of the House.
- (e) Small savings schemes offer Government guarantee, attractive returns, tax incentives, easy liquidity and accessibility. The interest rates on small savings are periodically adjusted to align with the comparable rates prevalent in the market.

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LOK SABHA

QUESTION NO 368

ANSWERED ON 25.02.2000

FINANCING SHARE CAPITAL MARKET

Will the Minister of FINANCE be pleased to state:-

- (a) whether banks, financial institutions and mutual funds have started financing the subscribers in the primary market to raise the index of the capital market;
- (b) if so, the details thereof; and
- (c) the reaction of the Government thereto?

ANSWER

- (a) to (c) : According to SEBI, it has been observed that banks have participated in recent public issues. As per RBI guidelines, banks can provide advances to individuals for subscribing to rights or new issues of shares, debentures/bonds against shares, subject to certain prudential limits imposed by RBI. Further, mutual funds are not permitted to advance any loans for any purpose as per SEBI (Mutual Funds) Regulations, 1996. In this context, it may be mentioned that financing of subscribers in the primary market does not have a direct impact on stock market indices. Such indices are more a reflection of the secondary market activity.

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LOK SABHA

QUESTION NO 4056

ANSWERED ON 23.03.2001

INSURANCE CLAIM FOR STOLEN RICE

Will the Minister of FINANCE be pleased to state:-

- (a) whether the attention of the Government has been drawn to the news-item captioned 'Bhuj's traders claim insurance for Rs.1.36 crore worth 'stolen' rice' appearing in the 'Hindustan Times', dated February 26, 2001;
- (b) if so, the facts of the matter reported therein;
- (c) if so, whether Government has probed the scam of stolen rice in Bhuj; and
- (d) if so, the details thereof?

ANSWER

- (a) to (d): Information is being collected and will be laid on the Table of the House.

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LOK SABHA

QUESTION NO 1916

ANSWERED ON 29.11.2002

FOREX TRANSACTIONS

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:-

- (a) whether the Forex transactions within India have become live settlement from November, 2002;
- (b) whether Clearing Corporation has started live foreign exchange transactions of Indian banks from November, 2002;
- (c) if so, the benefits thereof;
- (d) the concept of Clearing Corporation of India Limited; and
- (e) the manner in which it is beneficial for Indian economy ?

ANSWER

- (a) Reserve Bank of India (RBI) has reported that the Clearing Corporation of India Limited (CCIL) has commenced its forex clearing operations from 8th November 2002.
- (b) & (c): Yes Sir. The forex settlement system of CCIL will provide a platform for multilateral netting of inter-bank USD/INR transactions which will result in substantial reduction in the settlement risk of counterparty banks, cost reduction and prompt reconciliation of accounts.
- (d) & (e): CCIL acts as a centerlised clearing house for clearing and settlement of trades in Government securities, other debt, money market instrument and inter bank USD/INR transactions. It will ensure efficient and orderly settlement while providing operational flexibility at lower cost to its members and the settlement through CCIL will enhance the safety of the markets.

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LOK SABHA

QUESTION NO 5753

ANSWERED ON 03.05.2002

ICICI BANK AND ICICI MERGER

Will the Minister of FINANCE be pleased to state:-

- (a) whether the RBI has given any proposal of exit route to minority descending shareholders on ICICI-ICICI Bank merger;
- (b) whether such exit route was given to the shareholders of Bank of Madura - ICICI Bank merger;
- (c) the precaution available to minority, i.e. small investors;
- (d) whether both ICICI and ICICI Bank belongs to same management and are financial companies;
- (e) the basic valuation, method, rate given to small investors of Bank of Madura;
- (f) whether ICICI Management have been asked to provide such exit route; and
- (g) if so, the details thereof?

ANSWER

- (a) No, Sir
- (b) Yes Sir,
- (c) In case of merger of two banking companies Section 44-A of the Banking Regulation Act, 1949 provides that the dissenting shareholders are required to be offered the option of being paid the value of shares held by them, as determined by the Reserve Bank of India. In case of merger of a non-banking company like ICICI, Section 391 (2) of the Companies Act 1956 provides that the scheme of amalgamation be sanctioned by the Court.
- (d) ICICI is a company incorporated under the Companies Act, 1956. ICICI Bank is a banking company incorporated under the Banking Regulation Act, 1949. While ICICI Bank was originally promoted by ICICI as its subsidiary, the shareholding of ICICI in ICICI Bank was subsequently reduced to 46% in line with RBI directives.
- (e) The valuation process was carried out by Deloitte Haskins and Sells by using standard methods taking into account book value of intrinsic value, future earning potentials and market prices.
- (f) No, Sir.
- (g) Does not arise.

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LOK SABHA

QUESTION NO 5454

ANSWERED ON 22.12.2000

INFOTECH COMPANIES

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government are aware that Software convert companies are repeating the vanishing act of finance companies in 1992;
- (b) if so, the details of companies which convert their names into infotech, have stopped trading and pull a fast one on investors;
- (c) whether the Government have identified such companies;
- (d) if so, the names of such companies and the amount collected by these companies from the investors; and
- (e) the action being taken by the Government against those companies and steps being taken to safeguard the small investors?

ANSWER

- (a) As intimated by the Securities and Exchange Board of India (SEBI), no such instance has been brought to their notice.
- (b), (c) & (d) The required information is being collected and will be laid on the Table of the House.
- (e) The Department of Company Affairs (DCA) has advised Registrars of Companies in May 1999 that in future they should allow companies to change their names to reflect the business of software only if a substantial portion of their income is derived from software business.

SEBI has tightened entry norms for public/rights issues by such companies by way of requirement of 3 years' track record of profitability in the information technology sector and cautioned investors through press releases; asked stock exchanges to closely monitor trading and other developments in respect of shares of such companies; and made it mandatory for such companies to separately show the performance and results of software activity in quarterly/ annual reports.

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LOK SABHA

QUESTION NO 3044

ANSWERED ON 16.03.2001

INVESTORS REDRESSAL CELL

Will the Minister of FINANCE be pleased to state:-

- (a) whether Department of Economic Affairs has created an Investors Redressal Cell in order to help the investors;
- (b) if so, the details thereof and main functions of this Cell;
- (c) whether the Government propose to open its branches in other parts of the country for easy redressal of grievances of investors;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the other forums available at present to investors for redressal of their grievances?

ANSWER

- (a) & (b): An Investors' Grievance Redressal Cell (IGRC) has been set up in the Department of Economic Affairs, Ministry of Finance with effect from 15th February, 2001. The IGRC is located at Indian Investment Centre, Jeevan Vihar Building, Sansad Marg, New Delhi. The IGRC's responsibilities include receiving, forwarding, co-ordinating and monitoring the status of investors' complaints to the regulatory agencies concerned. Investors can send their complaints by post to the IGRC. Besides, complaints can also be sent electronically at the e-mail address: igcell@finance.nic.in.
- (c) & (d): There is no proposal to open branches of the IGRC in other parts of the country, since investors' complaints can be sent to the Cell by post and electronically.
- (e) Investors can approach the Reserve Bank of India, Securities and Exchange Board of India or the Department of Company Affairs for redressal of their grievances depending on the subject matter of the grievance.

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LOK SABHA

QUESTION NO 6090

ANSWERED ON 05.05.2000

INVOLVMENT OF RBI OFFICIALS IN FAKE CURRENCY

Will the Minister of FINANCE be pleased to state:-

- (a) whether some RBI officials have been found involved in the printing and circulation of fake currency notes helping the Pakistani ISI agency in weakening the Indian economy;
- (b) if so, the details thereof; and
- (c) the action taken/being taken against those officials?

ANSWER

- (a) No, Sir.
- (b) & (c):- Does not arise.

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LOK SABHA

QUESTION NO 4840

ANSWERED ON 24.08.2001

JANATA DEPOSIT SCHEME

Will the Minister of FINANCE be pleased to state:-

- (a) whether the State Bank of India has closed the Janata Deposit Scheme; and
- (b) if so, the details thereof alongwith the reasons therefor ?

ANSWER

- (a) No, Sir.
- (b) Does not arise.

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LOK SABHA

QUESTION NO 7357

ANSWERED ON 12.05.2000

**LEGALITY OF CONTINGENCY FUND OF INDIA
(AMENDMENT) ORDINANCE**

Will the Minister of FINANCE be pleased to state:-

- (a) whether a PIL has been filed in the Delhi High Court to challenge the legality of the Contingency Fund of India (Amendment) Ordinance, 1977;
- (b) if so, whether the High Court has directed the Union Government to file its reply;
- (c) if so, whether the Central Government has filed the reply; and
- (d) if so, the reasons for delay in finalising the matter?

ANSWER

- (a) Yes, Sir.
- (b) Yes, Sir.
- (c) Yes, Sir.
- (d) Does not arise as the reply was filed in Delhi High Court on time and there was no delay.

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LOK SABHA

QUESTION NO 3112

ANSWERED ON 11.08.2000

LISTING CORPORATION OF INDIA

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have a proposal for separate Listing Corporation of India for listing the Companies on various stock exchanges;
- (b) if so, the details thereof;
- (c) the time by which it is likely to start functioning; and
- (d) if not, the reasons therefor?

ANSWER

- (a) to (d): The Securities Contracts (Regulation) Act, 1956 provides for listing of companies on recognised stock exchanges and companies are required to comply with the conditions of the listing agreement entered into by the company with the stock exchange concerned. Currently, there is no Government proposal to set up a separate Listing Corporation of India.

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LOK SABHA

QUESTION NO 6709

ANSWERED ON 10.05.2002

MEDICLAIM INSURANCE FOR AYURVEDIC TREATMENT

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have studied the problems of ayurvedic treatment and non-availability of that facility under Mediclaim Insurance Scheme;
- (b) whether Mediclaim policy covers all types of allopathic treatment to patients but denies the same benefits under ayurvedic and naturopathic treatment;
- (c) whether the Government propose to take steps to protect and support ayurvedic treatment by getting it included under Mediclaim Insurance Policy;
- (d) if so, the time by when it is likely to be done; and
- (e) if not, the reasons therefor?

ANSWER

- (a) &(b) : Both, Allopathic and Ayurvedic treatments are covered under the Mediclaim Policy. However, Naturopathy treatment is not covered since it is a specific exclusion under the Mediclaim Policy.
- (c) to (e): Do not arise.

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LOK SABHA

QUESTION NO 2096

ANSWERED ON 04.08.2000

MS SHOES SCANDAL - CBI INQUIRY

Will the Minister of FINANCE be pleased to state:-

- (a) whether the inquiry conducted by the CBI on MS Shoes has been completed;
- (b) if so, the outcome thereof;
- (c) if not, the legal status of the case; and
- (d) the steps taken to expedite the matter in the interests of investors?

ANSWER

- (a) The inquiry conducted by the Central Bureau of Investigation (CBI) Anti Corruption Branch, Mumbai, has been completed.
- (b), (c) & (d) : As the acts of the accused were found to be punishable under the Companies Act, 1956, a complaint was filed in the Court on 10.9.98. The case is presently under trial.

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LOK SABHA

QUESTION NO 1412

ANSWERED ON 02.03.2001

MINTING OF COINS AND PRINTING OF NOTES

Will the Minister of FINANCE be pleased to state:-

- (a) the foreign exchange spent by the Government in importing/minting of coins/currency notes from abroad during the last three years;
- (b) the expenditure being incurred by the Government on each of Rs.1 Rs.2 and Rs.5 coin from import to its circulation;
- (c) whether the Government have chalked out any plan or strategy to make the country self-reliant in coin minting;
- (d) if so, the details thereof;
- (e) whether opening of new mint at Hyderabad and doubling the shift of NOIDA mint, the import has come down to some extent; and
- (f) if so, the details thereof and the steps taken or being taken by the Government to save the foreign exchange on this account?

ANSWER

MINISTER OF STATE IN MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

- (a) Total foreign exchange spent by the Government in importing/minting of coins/currency notes from abroad during the last three years is as under:

Coins - US \$ 4,09,76,546, GBP 53,19,144 & DM 3,10,28,616

Currency notes - US \$ 9,52,83,944.

- (b) Orders have been placed for import of 2.5 billion coins. The expenditure to be incurred on these imports is as follows :

Deno.	Quantity	Expenditure (in MPCs)
Re.1	750	US \$ 86,94,837.50
Rs.2	750	US \$ 2,30,54,625
Rs.5	1000	{DM 1,87,15,824 and {US \$ 3,97,84,500

In addition, about 1% of the above expenditure will be incurred towards port handling charges and delivery of coins to RBI vaults.

- (c),(d),(e) & (f) With a view to increasing the coin production in the country, the three Mints at Mumbai, Kolkata and Hyderabad are being modernised . As a result of the ongoing modernisation, the production of coins is increasing steadily. Further modernisation of mints for augmenting the capacity is also being contemplated. Second shift working is planned to be introduced at NOIDA Mint. With these measures, the coin production in the country is expected to increase substantially. However, import of coins is contingent upon the RBI's demand for coins in future.

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LOK SABHA

QUESTION NO 3129

ANSWERED ON 10.08.2001

MONEY LAUNDERING ACTIVITIES

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have taken note of United States of America categorising India as a country of primary concern;
- (b) if so, whether the USA has passed observations regarding money laundering activities in India;
- (c) if so, the details and observations;
- (d) whether India is used as a money laundering activities by various persons, drug curtailers, etc;
- (e) if so, whether India is unable to check financial abuse from tax evasion;
- (f) if so, the observations passed by the USA and OECD; and
- (g) the steps Government has taken in this regard?

ANSWER

- (a) Government is not aware of any official communication in this regard.
- (b) & (c) Do not arise.
- (d) The possibility can not be ruled out.
- (e) The intelligence/enforcement agencies concerned in the matter take appropriate action under the FERA/ FEMA Income Tax Act and other Acts.
- (f) Does not arise in view of reply to (a) above.
- (g) A comprehensive legislation in the form of Prevention of Money Laundering Bill, to provide a deterrence to money laundering has been passed by the Lok Sabha on 2nd December, 1999. Subsequently, the Bill was tabled in the Rajya Sabha which referred to the Select Committee. The Select Committee has submitted its report, which is under consideration.

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LOK SABHA

QUESTION NO 1105

ANSWERED ON 24.11.2000

MONITORING CELL TO PROTECT THE INVESTORS

Will the Minister of FINANCE be pleased to state:-

- (a) whether his Ministry has decided to form monitoring cell within the Ministry to protect the interests of the small investors;
- (b) if so, the details about such cell;
- (c) whether the multiplicity of regulatory bodies to hear and handle the small investors' grievances would be simplified; and
- (d) if so, the details thereof?

ANSWER

- (a) & (b): It has been decided to set up an Investors' Grievances Redressal Cell in the Department of Economic Affairs, Ministry of Finance. The staff and other infrastructure required for operationalizing the Cell are being worked out by the Department.
- (c) & (d): The Reserve Bank of India, Securities and Exchange Board of India and the Department of Company Affairs redress investors' grievances according to the subject matter under their purview. It is felt that once the Investors' Grievances Redressal Cell is set up it would help coordinate the efforts of the regulatory agencies.

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LOK SABHA

QUESTION NO 1979

ANSWERED ON 04.08.2000

MONTHLY INCOME SCHEME OF UTI

Will the Minister of FINANCE be pleased to state:-

- (a) whether Unit Trust of India has approached his Ministry to transfer the tax burden on investors on their monthly scheme;
- (b) if so, whether SEBI has refused to give permission;
- (c) if so, the reasons therefor;
- (d) whether due to the new provision in the budget, UTI will have to sacrifice Rs. 256 crores for taxation for such monthly income scheme;
- (e) if so, whether the small investors and investors association have opposed the idea of UTI to pass on this additional 11% tax burden on small investors; and
- (f) if so, the facts thereof and reaction of the Government thereto?

ANSWER

- (a), (b) & (c) The Unit Trust of India (UTI), had requested the Ministry of Finance to consider the following: to apply the new income distribution tax under the Finance Bill 2000 prospectively to schemes to be launched after 30.6.2000; waiver of the income distribution tax clause for its Monthly Income Plans (MIPs) launched before 30th June 1999; and to reduce the income distribution tax rate from 20% to the previous year's level of 10% for all schemes launched after 30.6.99 and upto 30.6.2000. The Government has not accepted UTI's suggestions.
- (d), (e) & (f) The total tax incidence on UTI's assured MIPs, on account of the income distribution tax, is approximately Rs. 370.49 crores during the year 2000-2001. According to UTI, small investors desire to get the returns assured by UTI.

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LOK SABHA

QUESTION NO 4179

ANSWERED ON 18.08.2000

NET ASSET VALUE OF UTI

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Net Asset Value of Unit Trust of India Unit 64 have gone down during the last few years;
- (b) if so, the NAV thereof, as on 30th June 2000 from 1996;
- (c) the reasons for decline in the NAV; and
- (d) the steps taken by the Government to raise the NAV of Unit 64 of UTI?

ANSWER

- (a) to (d): The Unit Scheme 1964 (US-64) of the Unit Trust of India (UTI) is not an NAV driven scheme. Sale and repurchase prices of US-64 are announced generally once at the beginning of each month. The sale and repurchase price as on August 2000, is Rs. 13.65 and Rs. 13.35 respectively. UTI has now started publishing equity portfolio details of US-64 on a quarterly basis. The Deepak Parekh Committee, appointed by UTI in October 1998 to undertake a comprehensive review of the functioning of US-64, recommended inter alia, that US-64 should become NAV driven within three years. UTI is working in this direction. Further, the portfolio of the scheme has been restructured to increase the weights of growth equity stocks.

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LOK SABHA

QUESTION NO 2576

ANSWERED ON 10.03.2000

NEW ACT FOR NON-BANKING FINANCIAL COMPANIES

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government are considering a new Act on Non-Banking Financial Companies, making certain offences as cognizable under the Criminal Procedure Code, 1973;
- (b) if so, the details thereof; and
- (c) the time by which the new act is likely to be framed and introduced?

ANSWER

- (a) Yes, Sir.
- (b) The content of the legislation is in the process of being finalized.
- (c) The new legislation is likely to be introduced by the end of current Budget Session.

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LOK SABHA

QUESTION NO 2886

ANSWERED ON 07.12.2001

PENSION AND PPF

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have any specific investment plans in respect of Pension Funds and Public Provident Fund;
- (b) if so, the details thereof;
- (b) the profit percentage being earned by the Government from investment of these funds;
- (d) the estimated funds invested by the Government in various securities/PSUs presently; and
- (e) the manner in which the Government propose to recover the invested funds from PSUs and securities in case of their failure ?

ANSWER

- (a) According to available information, as of now, there is no separate Pension Fund / Account for Central Government employees except for Railways. As such, pension payments to Government employees are largely made out of current revenues.

The investment of non-government provident funds, superannuation funds and gratuity funds are carried out as per the 'Investment Pattern' notified by the Government of India.

The receipts under Public Provident Fund (PPF) Scheme accrue to the National Small Savings Fund in the Public Account of India and the disbursements are also made from this Fund in the Public Account. The net accretions under the Public Provident Fund (PPF) scheme are shared between the Central and the State Governments in the ratio of 20:80. The share of States is meant for financing their plan schemes.

- (b) to (e) : As PPF are not further re-invested by the Governments, part (b) to (e) do not arise.

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LOK SABHA

QUESTION NO 5458

ANSWERED ON 28.04.2000

SENSEX OF BSE

Will the Minister of FINANCE be pleased to state:-

- (a) whether senses of NSE/BSE has come down during the first half of March, 2000 and again in the first half of April, 2000;
- (b) if so, the sensex position during that period;
- (c) the main reasons for plunging the sensex;
- (d) whether any inquiry Committee has been set up in this regard;
- (e) if so, the outcome thereof; and
- (f) the steps taken by SEBI/Government in the matter?

ANSWER

- (a) and (b): BSE Sensex index fell in the first half of March by 9.56% from 5642 on 1st March, 2000 to 5102 on 16th March, 2000. It fell by 3.4% in the first half of April from 5053 on 3rd April, 2000 to 4881 on 17th April, 2000. Similarly, NSE Nifty fell in the first half of March by 8.78% from 1713 on 1st March, 2000 to 1562 on 16th March, 2000. It fell by 5.94% in the first half of April from 1535 on 3rd April, 2000 to 1443 on 17th April, 2000. The closing figures of BSE Sensex from 1st March, 2000 to 24th April, 2000 are shown in the Annexure enclosed.
- (c) Price fluctuations on stock markets are influenced by multiple factors, which include expectations of investors regarding the performance of the corporate sector and the economy in general, about economic policies of the Government, developments in international capital markets etc.
- (d) to (f): The Securities and Exchange Board of India (SEBI) has intimated that SEBI has called for relevant data/details from the major stock exchanges and the analysis so far by SEBI, prima-facie, does not indicate any concerted effort or design on the part of any market participant to bring down the Senses. SEBI has taken various measures to ensure safety of the market and to curb excessive volatility. SEBI has put in place risk containment measures comprising capital adequacy, margining system, exposure controls and price bands. SEBI has been interacting with the stock exchanges regularly and the exchanges have been alerted to keep a close watch over the market and take appropriate action when required. The Exchanges have informed SEBI that they have initiated various actions including imposition of higher margins and curbing of excessive concentration by brokers. SEBI has cautioned investors, through press releases, to exercise caution while transacting in securities.

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LOK SABHA

QUESTION NO 1870

ANSWERED ON 09.03.2001

SEIZURE OF HEROIN

Will the Minister of FINANCE be pleased to state:-

- (a) whether Directorate of Revenue Intelligence recently ceased seventeen kg heroin worth seventeen crores of rupees in Pathankot;
- (b) if so, the details thereof;
- (c) the total quantity of heroin ceased by Directorate of Revenue Intelligence during the last three years and total cost thereof in the international market;
- (d) whether most of the heroin is coming in India from the route of Pakistan;
- (e) if so, the details thereof; and
- (f) the steps taken or being taken by the Government to stop the smuggling of heroin through Pakistan?

ANSWER

- (a) & (b): Yes, Sir. The Directorate of Revenue Intelligence have seized a quantity of 16.06 kgs. of heroin, contained in 17 packets, at Pathankot, on 8.2.2001. The value of the seized heroin is estimated to be approximately Rs. 16 Crores in the International market.
- (c) Total quantity of heroin seized by the Directorate of Revenue Intelligence during the last three years and estimated value thereof in the international market is as under:-

Year	Quantity of Heroin seized (in kgs)	Estimated value in International market (Rs. in Crores)
1997-98	157.132	157.10
1998-99	73.110	73.10
1999-2000	12.500	12.50
2000-2001	73.130	73.10

- (d) & (e): Pakistan is one of the route from which heroin is smuggled into India. As per reports available during year 2000, a total quantity of 1240 kgs. heroin was seized in the country, out of which approximately 40% of the heroin was sourced from South-West Asian Region.
- (f) The Government of India have taken a number of statutory and administrative measures to prevent smuggling of narcotic drugs in the country. Some of the important measures taken to prevent drug trafficking and smuggling of heroin, in particular through Indo-Pakistan border are as under:-

- (i) Instructions have been issued to all the enforcement agencies to maintain the utmost vigil and step up enforcement efforts under the provisions contained in NDPS Act, 1985.
- (ii) Indo-Pak border has been fenced and provided with flood lighting.
- (iii) BSF and Coast Guard, who are deployed on land and coastal borders, have been vested with powers under the Customs Act, 1962 to interdict narcotics drugs on the border in addition to the several Central and State Government enforcement agencies empowered under the NDPS Act, 1985.
- (iv) Quarterly coordination meetings chaired by DG, NCB are held regularly in New Delhi which are attended by All Enforcement agencies involved in drug law enforcement at the highest level.
- (v) A bilateral agreement has been arrived at with authorities in Pakistan whereby periodic meetings take place at Secretary level and DG level. Representatives of Indian and Pakistani anti-narcotics agencies have been included in the border meetings of BSF and Pak Rangers. Contact points have been designated by the two countries for direct operational communication.
- (vi) Officers of various drug law enforcement agencies are trained on a regular basis in order to improve their effectiveness.
- (vii) India is a signatory to all the UN Conventions as well as SAARC Convention, which envisage multilateral cooperation against drug trafficking.

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LOK SABHA

QUESTION NO 6191

ANSWERED ON 27.04.2001

SEBI ACTION AGAINST COMPANIES

Will the Minister of FINANCE be pleased to state:-

- (a) whether SEBI has barred 16 companies and 33 directors from entering capital market for five year including raising of funds;
- (b) if so, the details thereof and the main reasons therefor; and
- (c) the number of companies and directors barred by SEBI during each of the last three years?

ANSWER

(a), (b), & (c) The required information is being collected and will be laid on the Table of the House.

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LOK SABHA

QUESTION NO 4097

ANSWERED ON 14.12.2001

SEBI'S OPEN OFFER CLAUSE FOR DISINVESTMENT COMPANIES

Will the Minister of FINANCE be pleased to state:-

- (a) whether SEBI has made up final position regarding open offer clause for Disinvestment companies;
- (b) if so, the details in this regard with its impact on small investors;
- (c) whether such open offer were offered during CMC acquisition;
- (d) if so, the details; and
- (e) if not, the reasons for the same?

ANSWER

- (a) & (b) The Securities and Exchange Board of India (SEBI) notified amendments to the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 on August 17, 2001 and September 12, 2001, to facilitate the open offer process to acquire shares from shareholders pursuant to disinvestment of a PSU by the Central Government.

The Department of Disinvestment has requested SEBI to modify the parameters for determination of offer price, which is under examination of the SEBI Board.

- (c) & (d) Pursuant to the share purchase agreement entered into by Tata Sons Ltd. (TSL) with the Central Government for acquisition of CMC Ltd., TSL made a public announcement on October 13, 2001 for acquisition of 16.69% (balance) voting capital of CMC Ltd. at an offer price of Rs. 281.26 per share. The offer opened on November 27, 2001 and closes on December 26, 2001.
- (e) Does not arise.

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LOK SABHA

QUESTION NO 6119

ANSWERED ON 27.04.2001

SEBI INITIATIVE FOR INVESTORS EDUCATION

Will the Minister of FINANCE be pleased to state:-

- (a) whether Mutual Fund Managers and market Intermediaries have criticised and SEBI and Association of Mutual Fund in India (AMFI) for laxity in investors education initiation;
- (b) if so, the details thereof;
- (c) whether the Government are taking initiatives for the investors education in regard to their investment; and
- (d) if so, the details thereof and instructions issued to SEBI in this regard?

ANSWER

- (a) In the recent past, no specific instance of criticism of the Securities and Exchange Board of India (SEBI) and the Association of Mutual Funds in India (AMFI) regarding initiatives for investor education, has been reported to the Government.
- (b) Does not arise.
- (c) & (d) Promotion of investor education and training of market intermediaries is one of the functions of SEBI under the SEBI Act, 1992. The Government and SEBI are committed to promoting better investor awareness of the risk-return trade-off in capital market instruments.

Towards this end, SEBI has taken several measures, which include, inter alia, issue of advertisements/ public notices in newspapers on investor education, publication and distribution of reference booklets for investors and registration of investors' associations with a view to promoting awareness among investors. SEBI, has also decided to facilitate setting up of investor education centres in leading colleges in major cities and to earmark a sum of Rs. one crore for reimbursement to investors' associations registered with SEBI to meet their expenses related to investor education.

The Department of Company Affairs (DCA) has also set up an Investor Education and Protection Fund for conducting education programs; organizing seminars, approving and funding specific projects for investors' protection; recognizing and funding of voluntary associations engaged in investor protection activities; providing legal assistance to genuine investor litigants etc.

AMFI has brought out and distributed a guide for investors regarding mutual funds. They also organise investor conferences and investor education programmes in different parts of the country.

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LOK SABHA

QUESTION NO 6165

ANSWERED ON 27.04.2001

SBI CAPITAL MARKET

Will the Minister of FINANCE be pleased to state:-

- (a) whether SEBI is inquiring into whether SBI capital markets has indulged in fund based activities which it cannot undertake as merchant banker registered with SEBI;
- (b) if so, the details thereof;
- (c) whether the probe has been completed;
- (d) if so, the findings thereof alongwith the action taken thereon; and
- (e) if not, the time by which it will submit its report?

ANSWER

- (a) No, Sir.
- (b), (c), (d) & (e) Does not arise.

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LOK SABHA

QUESTION NO 6631

ANSWERED ON 10.05.2002

PORTFOLIO MANAGEMENT SCHEME

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government's attention has been drawn to the newsitem regarding hiding of Rs.40 crores portfolio profit accrued to the Citibank through Grasim deposits during 1991-92 assessment year published in the Economic Times, dated 26 March, 2002;
- (b) if so, whether the Bombay High Court has upheld that the Bank had failed to disclose the primary facts and have also violated the Reserve Bank's guidelines pertaining to Portfolio Management Scheme (PMS);
- (c) if so, the steps taken to recover the taxable amount by the Income Tax Department; and
- (d) the action proposed to be taken against the defaulting bank ?

ANSWER

(a),(b),(c)&(d): The information is being collected and will be laid on the Table of the House.

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LOK SABHA

QUESTION NO 2100

ANSWERED ON 01.12.2000

REVIEW OF SEBI

Will the Minister of FINANCE be pleased to state:-

- (a) whether the objective for which SEBI has been formed/has been achieved;
- (b) whether the Government have undertaken a review the functioning of SEBI;
- (c) if so, the outcome thereof;
- (d) whether the system to solve the grievances of small investors in sufficient in SEBI;
- (e) if so, the details thereof; and
- (f) if not, the steps taken to make improvements to restructure the SEBI?

ANSWER

- (a) Yes, Sir.
- (b) It is the endeavor of the Government to strengthen SEBI with a view to enable it to discharge its functions effectively and efficiently. Towards this end, the functioning of SEBI is constantly reviewed.
- (c) The relevant legislation has been suitably amended and necessary steps taken in consultation and coordination with SEBI from time to time to enhance the safety, integrity and transparency of the securities market.
- (d) Yes, Sir.
- (e) SEBI has set up an Investor Grievances Redressal and Guidance Division which assists investors who make complaints to SEBI against companies. Further, a standardized complaint format is available at all SEBI offices and also on the SEBI website. Each complaint is acknowledged, taken up with the company immediately and followed up.
- (f) Does not arise.

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LOK SABHA

QUESTION NO 4118

ANSWERED ON 23.03.2001

RETURNS FROM EQUITY SHARE

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:-

- (a) the returns from the equity share capital of PSUs during the years 1999-2000 and 1998-1999;
- (b) whether there is any increase in the returns from the equity share capital of PSUs;
- (c) if so, the details thereof;
- (d) whether the returns from the equity share capital is not commensurate with the investment made by the Government in the PSUs;
- (e) if so, the reasons therefor; and
- (f) the steps being taken by the Government to get a good return from the PSUs on its equity?

ANSWER

- (a) to (c): Information regarding the return from equity share capital i.e. dividend of CPSUs during the years 1999-2000 & 1998-99 is given in Statement 8 of Public Enterprises Survey, 1999-2000 which was duly laid in the Parliament on 27.2.2001 and is a public document. As per P.E.Survey, 1999-2000, the dividend declared by CPSUs has increased from Rs.4931.56 crores in 1998-99 to Rs.5455.48 crores in 1999-2000.
- (d) & (e): Beside earning profit and declaration of dividend, the CPSUs have to perform other social objectives such as creation of employment opportunities, creation of necessary infrastructure for economic development and promotion of balanced regional development etc. which are not quantifiable in financial terms. It is, therefore, difficult to ascertain whether returns from equity share capital is in commensurate with the investment made by the Government in the PSUs.
- (f) Enterprise specific steps are taken by the administrative Ministries/ Departments/ Management of PSUs from time to time so as to get a good return from the PSUs on its equity. However, some of the steps include managerial and financial restructuring, formation of joint ventures, upgradation of technology, modernization of plants and machinery, cost control measures, rationalization of manpower, improved marketing strategies etc. as the case may be.

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LOK SABHA

QUESTION NO 835

ANSWERED ON 27.07.2001

RESTRUCTURING OF UTI

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have appointed a committee for restructuring of UTI ;
- (b) if so, the details thereof ;
- (c) whether this committee has given its recommendations ;
- (d) if not, the reasons therefor ;
- (e) the time by which these recommendations are likely to be submitted ;
- (f) whether UTI-64 is likely to be made NAV based as recommended by Deepak Parekh Committee ; and
- (g) if so, the details thereof ?

ANSWER

- (a) & (b) : On the suggestion of the Government, UTI set up a Committee on Corporate Positioning to review its competitive and commercial positioning in the light of financial sector reforms and developments in the mutual fund industry.
- (c) No, Sir.
- (d) & (e) : UTI has intimated that the report of the Committee is expected to be finalised soon and submitted to the Board of Trustees of UTI. Thereafter, the same will be furnished to Government with such recommendations as the Board may make.
- (f) & (g) : UTI has announced that the US-64 scheme will reopen for repurchases at NAV based prices in January, 2002.

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LOK SABHA

QUESTION NO 2026

ANSWERED ON 09.03.2001

PUBLIC ISSUE

Will the Minister of FINANCE be pleased to state:-

- (a) Whether investors are losing heavily on high profile public issues;
- (b) if so, the main reasons therefor;
- (c) whether the promoters and merchant bankers misuse book building route to raise resources;
- (d) if so, whether SEBI is going to scrap book building system which is being manipulated by promoters and merchant bankers;
- (e) whether National Association of Small Investors has requested the Government to take urgent steps in regard to book building system; and
- (f) if so, the steps taken or being taken by the Government in this regard.

ANSWER

(a),(b) (c) & (d) : The Government and the market regulator, the Securities and Exchange Board of India (SEBI) are committed to promoting better investor awareness of the risk-return trade-offs in capital market instruments and in improving protection of investors. In this context Government constantly reviews relevant Acts, rules and regulations.

SEBI has strengthened entry norms to provide that IPOs of issue size upto 5 times the pre-issue networth shall be allowed only if the company has track record of profitability and networth as specified in the SEBI Guidelines; others can make IPOs only through the book building route, in which case 60% of the issue size shall be allocated to 'Qualified Institutional Buyers' (QIBs). IPOs and public issues by listed companies of more than 5 times the pre-issue networth shall be allowed only through the book building route, with 60% of the issue size allocated to QIBs. The lock in provisions applicable in respect of initial public offers have also been rationalised.

Further, all companies making public or rights issue of debt instruments have to obtain credit rating. The appraising agency has to bring in the required contribution before the opening of the issue.

(e) & (f) : The Government has received suggestions from Investors' Associations on various issues related to capital markets. Actions with regard to the book building system has been taken as indicated above.

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LOK SABHA

QUESTION NO 2506

ANSWERED ON 10.03.2000

PRICE RIGGING IN BSE

Will the Minister of FINANCE be pleased to state:-

- (a) whether massive price rigging in low caps stocks have taken place in Mumbai Stock Exchange;
- (b) if so, whether the companies which have no trading for the past two to four years, who quoted at Rs. 10 have zoomed to Rs. 20 to Rs. 120.
- (c) if so, whether the President of the Investors' Grievances Forum, represented to the Finance Ministry in this regard;
- (d) if so, the steps are being taken by SEBI, the Stock Exchanges and Government;
- (e) whether the small investors are being cheated due to this price rigging;
- (f) if so, whether any enquiry has been ordered for such price rigging; and
- (g) if so, the details in this regard?

ANSWER

- (a) & (b) : The rise in stock prices have been quite widespread due to the overall bullish sentiment in the stock markets and also due to global influence of stock markets, which have been on the rise. Further, a general expectation of positive economic performance and the expectation of increased interest of foreign investors in Indian markets have also played a role in the rise of stock prices in most sectors.
- (c) to (g) : The President of the Investors' Grievances Forum has represented to the Ministry of Finance in this regard. SEBI has informed that, from time to time, it has alerted the stock exchanges to keep a close watch over the market and take proactive actions when required. The exchanges have informed SEBI of the various actions initiated by them including imposition of higher margins, reduction in circuit filters. SEBI has also cautioned investors by way of press releases to exercise caution and take care while transacting in securities.

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LOK SABHA

QUESTION NO 1006

ANSWERED ON 27.07.2001

PLANTATION COMPANIES

Will the Minister of FINANCE be pleased to state:-

- (a) whether SEBI has finalised the process of attending to grievances of small investors or plantation companies;
- (b) if so, whether the SEBI has got back the money of small investors ;
- (c) if so, the details ;
- (d) if not, the present status of the case ;
- (e) the time by which the money siphoned by the plantation companies will be acquired back ;
- (f) the status of Adventure Orchard a plantation company ;
- (g) whether several investors of Mumbai have lodged complaints with SEBI in this regard ; and
- (h) if so, the action taken thereon ?

ANSWER

(a) The Securities and Exchange Board of India (SEBI) has a mechanism for redressal of investor grievances received by it against listed companies and collective investment scheme.

(b) to (d) : SEBI vide its Press Release dated November 26, 1997 and its public notice dated December 18, 1997 directed existing schemes to file the details of their schemes with it. SEBI received information from 660 entities, which had reportedly raised Rs.2689.86 crore.

The SEBI (Collective Investment Schemes) Regulations, 1999 were notified on October 15, 1999. Subsequently, a total of 50 entities which had reportedly mobilised about Rs. 492 crore applied for registration.

Orders have been passed under Section 11 B of the SEBI Act, 1992 against 538 entities directing them to refund the money with returns due to investors within a period of one month from the date of the order.

46 entities which had mobilised about Rs.17 crores have submitted reports intimating repayment of about Rs.19 crore to their investors.

Courts have appointed an Administrator / Receiver / Liquidator in respect of 9 entities which had mobilised over Rs.1211 crore.

(e) According to SEBI, it is difficult to indicate the time frame as it would depend upon the legal proceedings before various courts and the liquidation proceedings/other actions by the Department of Company Affairs / respective State Governments.

(f) to (h) ; As per information filed by M/s Adventure Orchards Ltd. with SEBI earlier, it had mobilised Rs. 8.40 crore from investors. Since the entity did not apply for registration in terms of SEBI regulations and also failed to wind up its schemes to repay its investors, an order under Section 11B of the SEBI Act, 1992 was issued to it directing it to refund the money collected under the scheme (s) with returns due to investors as per the terms of the offer, within a period of one month from the date of the order. Since the entity failed to comply with the said order, SEBI has initiated prosecution proceedings against it in terms of the SEBI Act, 1992.

As on 30.06.2001, a total of 161 investor complaints, including those from Mumbai, are pending against the entity.

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LOK SABHA

QUESTION NO 6207

ANSWERED ON 27.04.2001

**PERMISSION TO FINANCIAL INSTITUTIONS
TO FUND FOREIGN ACQUISITION**

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Ministry has given permission to financial institutions to fund foreign acquisitions by Indian corporates;
- (b) if so, the details thereof and reasons therefor;
- (c) whether guidelines have been framed by RBI to open this overseas acquisition route; ;
- (d) if so, the time by which these guidelines are likely to be issued;
- (e) whether IDBI has asked the Government to have substantial dollar resource in order to fund overseas acquisition; and
- (f) if so, the steps being taken by the Government in this regard?

ANSWER

- (a) & (b): Government has not yet given permission to financial institutions (FIs) to fund foreign acquisitions by the Indian corporates.
- (c) & (d): No, Sir. Reserve Bank of India (RBI) is reviewing the whole issue to allow FIs to fund such activity.
- (e) & (f): Yes, Sir. Industrial Development Bank of India (IDBI) has written to Government for issuing of Notification authorising IDBI to grant financial assistance to industrial concerns for setting up projects outside India. Final view in the matter will be taken after RBI has crystalised its views on the issues.

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LOK SABHA

QUESTION NO 1865

ANSWERED ON 03.08.2001

UNCLAIMED MUTUAL FUND DIVIDEND

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government are aware of the hundred crores of rupees lying unclaimed with the Mutual Fund;
- (b) if so, whether the SEBI has done any study in this regard;
- (c) the unclaimed dividend lying with various Mutual Funds during the last ten years;
- (d) whether the Government have received any representation regarding its utilisation;
- (e) if so, the details thereof; and
- (f) the present status of this fund ?

ANSWER

(a), (b) & (c) : The Securities and Exchange Board of India (SEBI) has intimated that the total amount of dividends and redemptions lying unclaimed with mutual funds registered with SEBI (excluding UTI) was Rs. 496 crores approx. As on March 31, 2001. The total unclaimed income under various matured close-ended schemes of UTI was Rs.3.03 crores as on 31st March, 2001.

(d), (e) & (f) : Based on discussions with the mutual fund industry, SEBI, vide letter dated, November 24, 2000 issued guidelines to all mutual funds, including UTI, regarding the deployment of unclaimed dividends and redemptions. According to these guidelines, mutual funds should deploy these unclaimed amounts in the call money market or money market instruments only. Investors who claim these amounts within a period of three years from the due date would have to be paid at the prevailing net asset value.

After a period of three years, the funds can transfer this amount to a pool account and investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education.

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LOK SABHA

QUESTION NO 5458

ANSWERED ON 28.04.2000

SENSEX OF BSE

Will the Minister of FINANCE be pleased to state:-

- (a) whether senses of NSE/BSE has come down during the first half of March, 2000 and again in the first half of April, 2000;
- (b) if so, the sensex position during that period;
- (c) the main reasons for plunging the sensex;
- (d) whether any inquiry Committee has been set up in this regard;
- (e) if so, the outcome thereof; and
- (f) the steps taken by SEBI/Government in the matter?

ANSWER

- (a) and (b): BSE Sensex index fell in the first half of March by 9.56% from 5642 on 1st March, 2000 to 5102 on 16th March, 2000. It fell by 3.4% in the first half of April from 5053 on 3rd April, 2000 to 4881 on 17th April, 2000. Similarly, NSE Nifty fell in the first half of March by 8.78% from 1713 on 1st March, 2000 to 1562 on 16th March, 2000. It fell by 5.94% in the first half of April from 1535 on 3rd April, 2000 to 1443 on 17th April, 2000. The closing figures of BSE Sensex from 1st March, 2000 to 24th April, 2000 are shown in the Annexure enclosed.
- (c) Price fluctuations on stock markets are influenced by multiple factors, which include expectations of investors regarding the performance of the corporate sector and the economy in general, about economic policies of the Government, developments in international capital markets etc.
- (d) to (f): The Securities and Exchange Board of India (SEBI) has intimated that SEBI has called for relevant data/details from the major stock exchanges and the analysis so far by SEBI, prima-facie, does not indicate any concerted effort or design on the part of any market participant to bring down the Senses. SEBI has taken various measures to ensure safety of the market and to curb excessive volatility. SEBI has put in place risk containment measures comprising capital adequacy, margining system, exposure controls and price bands. SEBI has been interacting with the stock exchanges regularly and the exchanges have been alerted to keep a close watch over the market and take appropriate action when required. The Exchanges have informed SEBI that they have initiated various actions including imposition of higher margins and curbing of excessive concentration by brokers. SEBI has cautioned investors, through press releases, to exercise caution while transacting in securities.

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LOK SABHA

QUESTION NO 4109

ANSWERED ON 18.08.2000

PUBLIC ISSUE OF SEBI

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have received representations from Investors Organisation regarding change in rules for approval of public issues by SEBI;
- (b) if so, the points raised by the Investors Organisation;
- (c) the Government response thereon; and
- (d) the steps taken by the Government to make the public issues norms more strict and strong in the interest of small investors?

ANSWER

- (a) & (b) The Government has received suggestions from Investors' Associations on various issues related to capital markets, which include, inter alia, stricter entry norms for companies wishing to raise funds from the capital market; uniform entry norms for listed and unlisted companies; higher disclosure standards; monitoring of funds raised; and education of investors.
- (c) & (d) The Government and the market regulator, the Securities and Exchange Board of India (SEBI) are committed to promoting better investor awareness of the risk-return trade-offs in capital market instruments and in improving protection of investors. In this context Government constantly reviews relevant Acts, rules and regulations.

SEBI has strengthened entry norms to provide that IPOs of issue size upto 5 times the pre-issue networth shall be allowed only if the company has track record of profitability and networth as specified in the SEBI Guidelines; others can make IPOs only through the book building route, in which case 60% of the issue size shall be allocated to 'Qualified Institutional Buyers' (QIBs). IPOs and public issues by listed companies of more than 5 times the pre-issue networth shall be allowed only through the book building route, with 60% of the issue size allocated to QIBs. The lock in provisions applicable in respect of initial public offers have also been rationalised.

Further, all companies making public or rights issue of debt instruments have to obtain credit rating. The appraising agency has to bring in the required contribution before the opening of the issue.

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LOK SABHA

QUESTION NO 5179

ANSWERED ON 20.04.2001

SEBI GUIDELINES FOR BETTERMENT OF STOCK EXCHANGE

Will the Minister of FINANCE be pleased to state:-

- (a) whether SEBI has debarred top stock exchange office bearers from trading while holding office;
- (b) if so, the details thereof;
- (c) whether SEBI has also decided to introduce a code of ethics for directors and functionaries to Stock Exchange;
- (d) if so, the details thereof;
- (e) whether any improvement has been shown in the stock market after taking these steps; and
- (f) if so, the details thereof and further steps being taken by SEBI for betterment of stock exchanges?

ANSWER

- (a) to (d): The Securities and Exchange Board of India (SEBI) has formulated a code of ethics for directors and functionaries of stock exchanges aimed at establishing professional and ethical standards for creating a fair and transparent market place. The salient features of this code of ethics includes
- (i) fairness and transparency in dealing with matters relating to the exchange and investors,
 - (ii) prohibition on dealings in securities in proprietary accounts by elected office bearers such as President, Vice President, Treasurer,
 - (iii) disclosure of dealings in securities by functionaries and directors of the exchange,
 - (iv) avoidance of conflict of interest in decision making and
 - (v) compliance with the regulatory laws and exercising due diligence in the performance of duties.
- (e) SEBI has initiated action to implement the code of ethics. When it is implemented, the code is expected to help towards improving the professional and ethical standards of stock exchanges.
- (f) The other measures proposed include, inter-alia, demutualisation of stock exchanges by which ownership, management and trading membership would be segregated from each other. This would help towards:
- further professionalisation of the management of the exchanges and elimination of conflict of interests;
 - improving adherence to the best practices of Corporate Governance;
 - enhancing the ability of stock exchanges to raise funds from the market to modernise the exchanges and provide better investor service.

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LOK SABHA

QUESTION NO 2100

ANSWERED ON 01.12.2000

REVIEW OF SEBI

Will the Minister of FINANCE be pleased to state:-

- (a) whether the objective for which SEBI has been formed/has been achieved;
- (b) whether the Government have undertaken a review the functioning of SEBI;
- (c) if so, the outcome thereof;
- (d) whether the system to solve the grievances of small investors in sufficient in SEBI;
- (e) if so, the details thereof; and
- (f) if not, the steps taken to make improvements to restructure the SEBI?

ANSWER

- (a) Yes, Sir.
- (b) It is the endeavor of the Government to strengthen SEBI with a view to enable it to discharge its functions effectively and efficiently. Towards this end, the functioning of SEBI is constantly reviewed.
- (c) The relevant legislation has been suitably amended and necessary steps taken in consultation and coordination with SEBI from time to time to enhance the safety, integrity and transparency of the securities market.
- (d) Yes, Sir.
- (e) SEBI has set up an Investor Grievances Redressal and Guidance Division which assists investors who make complaints to SEBI against companies. Further, a standardized complaint format is available at all SEBI offices and also on the SEBI website. Each complaint is acknowledged, taken up with the company immediately and followed up.
- (f) Does not arise.

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LOK SABHA

QUESTION NO 6119

ANSWERED ON 27.04.2001

SEBI INITIATIVE FOR INVESTORS EDUCATION

Will the Minister of FINANCE be pleased to state:-

- (a) whether Mutual Fund Managers and market Intermediaries have criticised and SEBI and Association of Mutual Fund in India (AMFI) for laxity in investors education initiation;
- (b) if so, the details thereof;
- (c) whether the Government are taking initiatives for the investors education in regard to their investment; and
- (d) if so, the details thereof and instructions issued to SEBI in this regard?

ANSWER

- (a) In the recent past, no specific instance of criticism of the Securities and Exchange Board of India (SEBI) and the Association of Mutual Funds in India (AMFI) regarding initiatives for investor education, has been reported to the Government.
- (b) Does not arise.
- (c) & (d) Promotion of investor education and training of market intermediaries is one of the functions of SEBI under the SEBI Act, 1992. The Government and SEBI are committed to promoting better investor awareness of the risk-return trade-off in capital market instruments.

Towards this end, SEBI has taken several measures, which include, inter alia, issue of advertisements/ public notices in newspapers on investor education, publication and distribution of reference booklets for investors and registration of investors' associations with a view to promoting awareness among investors. SEBI, has also decided to facilitate setting up of investor education centres in leading colleges in major cities and to earmark a sum of Rs. one crore for reimbursement to investors' associations registered with SEBI to meet their expenses related to investor education.

The Department of Company Affairs (DCA) has also set up an Investor Education and Protection Fund for conducting education programs; organizing seminars, approving and funding specific projects for investors' protection; recognizing and funding of voluntary associations engaged in investor protection activities; providing legal assistance to genuine investor litigants etc.

AMFI has brought out and distributed a guide for investors regarding mutual funds. They also organise investor conferences and investor education programmes in different parts of the country.

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LOK SABHA

QUESTION NO 5065

ANSWERED ON 26.04.2002

OPEN OFFER CLAUSE

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have received any representation regarding giving weightage to small investor in 20 per cent Open Offer Clause;
- (b) if so, the details of the suggestion made in this regard;
- (c) the Government's response thereto; and
- (d) the action taken thereon?

ANSWER

- (a) Yes, Sir.
- (b) It was suggested that small investors should be given priority, that is, small investors upto Rs. 1 lakh or 1000 shares should be given priority over big investors. Effectively, it should be mandatory for the bidder/acquirer to purchase the full quantity of shares offered by small investors in the open offer.
- (c) & (d) The matter was referred to the Securities & Exchange Board of India (SEBI). SEBI has intimated that on examination it was not found feasible to accept the suggestion regarding reservation for a class of shareholders in an open offer for the following reasons. Under the Companies Act, small shareholders are not treated differently from large shareholders. Such a measure may encourage investors to transfer their shares to their relatives and friends prior to an open offer and tender that many shares under different names in order to get all their shares accepted. Further, SEBI has to keep in view the interests of all shareholders.

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LOK SABHA

QUESTION NO 1788

ANSWERED ON 29.11.2002

TAX BENEFIT PACKAGE FOR GUJARAT

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:-

- (a) whether the government have received response on the tax benefit package declared for Kutch, Gujarat region;
- (b) if so, whether such package was declared to attract new industries after the earthquake;
- (c) if so, the details of package; and
- (d) the details of industries which have plan to establish these units in that region?

ANSWER

- (a) & (b) Yes, Sir.
- (c) The exemption under the scheme is provided under notification No.39/2001-CE dated 31.7.2001. It is available to new units set up during the specified period, subject to certain specified conditions. The exemption is available for a period of 5 years from the date of commencement of commercial production. The exemption, however, is not applicable to certain specified items. The exemption provides for constitution of a Committee, which certifies the original value of investment and the fact that a unit is a new unit, set up during the specified period.
- (d) The Committee has so far issued certificates to two units. Cases of 11 units are under process for issuance of certificate by the Committee.

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LOK SABHA

QUESTION NO 4003

ANSWERED ON 09.08.2002

REPAYMENT SCHEME OF CRB

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have recently sanctioned any restructuring scheme for CRB capital;
- (b) if so, the details thereof;
- (c) since when this legal battle going on;
- (d) the present status of CRB capital; and
- (e) the manner in which the Government propose to protect the small investors of CRB Capital ?

ANSWER

- (a) No Sir.
- (b) Does not arise
- (c) to (e) : The company was ordered to be wound up provisionally vide Hon'ble High Court's order dated 22.5.1997. The ex-management while contesting the winding up, has filed a scheme of arrangement under Sections 391-394 of the Companies Act, 1956 which is under consideration of the Hon'ble High Court.

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LOK SABHA

QUESTION NO 4992

ANSWERED ON 25.08.2000

TAX BENEFIT

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government have received representations from MPs and Business Associations to give similar tax benefit treatment to Indian Financial Institutions and mutual funds at par as with the Mauritius operated funds;
- (b) if so, the details in this regard;
- (c) the reaction of the Government thereto;
- (d) whether attention of the Government of Mauritius has been drawn to the misuse of provisions of Indo-Mauritius Double Taxation Treaty; and
- (e) if so, the reactions of the Government of Mauritius thereto and the steps taken to check the misuse of treaty by unscrupulous fund operators?

ANSWER

- (a) to (c) Yes, Sir. Benefits to Foreign Institutional Investors(FIIs) are on account of the Indo-Mauritius Double Taxation Avoidance Convention. Under the Income-tax Act, 1961, both FIIs and Indian Investors are taxed at 10% of the long term capital gains. Capital gains is also exempt in the hands of Mutual Funds and Unit Trust of India(UTI).
- (d) & (e) The benefits availed under the Treaty do not amount to misuse. As the two are Contracting States to the DTAC, there is exchange of views regarding the application and implementation of Treaty provisions.

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