

REPORT OF THE COMMITTEE ON PETITIONS

SHRI DIPANKAR MUKHERJEE (West Bengal): Sir, I present the Hundred and Ninth Report (in English and Hindi) of the Committee on Petitions on the Petition signed by Prof. Manubhai D. Shah of Ahmedabad praying for grant of legal costs and interest on the claims filed by the nominees of the deceased policy holders in cases where ex-gratia payments are made by the LIC to such nominees and suitable amending the provisions relating to the computation of limitation period.

REPORTS OF THE DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE ON HOME AFFAIRS

SHRI PRANAB MUKHERJEE (West Bengal): Sir, I present the following Report (in English and Hindi) of the Department-related Parliamentary Standing Committee on Home Affairs:—

- (i) Forty-Sixth Report on the Indian Majority (Amendment) Bill, 1997;
- (ii) Forty-seventh Report on the Marriage Laws (Amendment) Bill, 1997; and
- (iii) Forty-eighth Report on the Administrators-General (Amendment) Bill, 1998.

EVIDENCE TENDERED BEFORE THE DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE ON HOME AFFAIRS

SHRI PRANAB MUKHERJEE (West Bengal): Sir, I lay on the Table a copy each of the evidence tendered before the Department-related Parliamentary Standing Committee on Home Affairs on the Indian Majority (Amendment) Bill, 1997; Marriage Laws (Amendment) Bill, 1997; and Administrators-General (Amendment) Bill, 1998.

REPORT OF JOINT COMMITTEE ON OFFICES OF PROFIT (11TH LOK SABHA) PRESENTED TO HON'BLE SPEAKER DURING ELEVENTH LOK SABHA

SECRETARY-GENERAL Sir I lay on the Table a copy (in English and Hindi) of Third Report of Joint Committee on Offices of Profit (11th Lok Sabha).

FELICITATION TO PROF. AMARTYA SEN ON HIS BEING AWARDED NOBEL PRIZE FOR ECONOMICS

MR. CHAIRMAN: Hon. Members are aware that a son of India, Prof. Amartya Sen, an outstanding economist and thinker, has been awarded the 1998 Nobel Prize for Economics for his path-breaking work in the field of welfare and development economics. Prof. Sen is the Sixth Indian to achieve this rare distinction. Prof. Sen has made all of us feel proud by his achievement.

Prof. Sen's academic work has been both vast and varied. His key contributions are his research on fundamental problems in welfare economics, axiomatic theory of social choice, definitions of welfare and poverty and human development indices and empirical studies of famine. The Royal Swedish Academy of Sciences has paid tributes to Prof. Sen by saying:

"....Amartya Sen has made a number of noteworthy contributions to central fields of economic science and opened up new fields of study for subsequent generations of researchers. By combining tools for economics and philosophy, he has restored an ethical dimension to the discussion of vital economic problems."

Prof. Sen has, over the years, many major works in economics and philosophy to his credit which have earned him many awards.

I hope the whole House joins me in congratulating Nobel Laureate Prof.

Amartya Sen on his singular achievement. We all wish him many more years of creative success.

**CALLING ATTENTION TO A
MATTER OF URGENT PUBLIC
IMPORTANCE NAV US-64 and Status
of other Schemes of Unit Trust of India
affecting lakhs of small investors**

SHRI NARENDRA MOHAN (Uttar Pradesh): Mr. Chairman, Sir, I beg to call the attention of the Minister of Finance to the 'NAV of US-64 and status of other Schemes of Unit Trust of India affecting lakhs of small investors'.

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Chairman, Sir, Unit Trust of India was set up under the UTI, Act in 1963 as a vehicle for promoting savings and investments and as a means for investors to participate in the income, profits, gains accruing to the corporation from the acquisition, holding, management and disposal of Securities. UTI introduced the Unit Scheme-64 (US-64) as a saving vehicle as well as a means for investors to participate in the Capital Market and which would provide a reasonable return to the investor. Indeed, the whole concept of pooling the small savings of investors and using it for investment activities through the capital market began with the US-64 Scheme over 34 years ago. It has over the years built up an overwhelming base of small investors. As on June 1998, the assets of the portfolio of US-64 stood at Rs. 21,738 crore and the investor base was approximately 21 million.

At present the portfolio under US-64 comprises around 64% of equity and the balance in Government securities, corporate debt instruments and real estate property of UTI. Major part of the equity investment under the Scheme is in blue chip companies of private and public sector, banks and Financial Institutions. Many of these investments are long term and strategic in nature.

The scheme is run on the basis of a sale price and repurchase price announced every month. In July every year, a special sale price is announced. The sale and repurchase price of US-64 are not solely based on the net asset value (NAV), but also on the need to protect the value of investment at the time of repurchase by the unit holder and a reasonable return on their investment. As on 30.6.98, when the balance sheet of US-64 was drawn, it was found that there was depreciation in the value of investment to the tune of Rs. 3566 crore. This was on account of the after effects of world wide and domestic adverse movement of stock price. The domestic stock index fell by 21% between May 5 and June 30, 1998. Since UTI decided to charge the depreciation to the reserve account of US-64, the reserve account showed a negative balance of Rs. 1098.49 crore. This depreciation is national and as and when the stock market price improves the national depreciation would be recouped.

On 29.6.98 when income distribution of 20% amounting to Rs. 3125 crore was announced under US-64, it was out of net income of Rs. 3222 crore earned during the year. Income distribution was solely from the earnings made during the year.

The Unit Scheme 64 was discussed in the meeting of the last Consultative Committee attached to the Ministry of Finance on 14.10.1998 where members across all party lines were appreciative of the Government assurance that UTI has the full backing of Government.

Further UTI has also set up a six member Expert Committee headed by Shri Deepak Parekh, Chairman, Infrastructure Development Finance Corporation to review the US-64 Scheme for further strengthening it in the context of the role in the mobilisation of domestic savings and investment in the capital market.

UTI has stated that none of the UTI schemes has a negative Net Asset value. Certain schemes of Unit Trust of India