

(c) whether enforcement Directorate refused to reply to Bank about telephonic instruction in the matter;

(d) whether Government would compensate for financial loss and damage to business reputation; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE BANKING, REVENUE AND INSURANCE (SHRI KADAMBUR M.R. JANARTHANAN)

(a) Sir, the saving bank & current deposit accounts of Shri Kartik Bhatt and family were frozen on 21.4.1995 by the D.N. Road, Mumbai branch of Bank of India, reportedly based on a telephonic message from the Enforcement Directorate, Sales Tax Department of Maharashtra Government.

(b) to (c) Although the branch wrote to the Enforcement Directorate of the Sales Tax Department, no written instructions were received from that Department and the accounts were subsequently defrozen after 15 days. The Bank has already apologised to the party for the inconvenience caused. It has however been reported that the party has filed an application with the Consumer Disputes Redressal Forum for redressal of their grievances.

#### **Deshpande Committee Report**

2514. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

(a) whether an Internal Committee headed by N.V. Deshpande submitted its report to the RBI on regulatory authority and mechanism for the debt market;

(b) if so, the details of the observations and recommendations made by the Committee to provide adequate and effective regulation and implications thereof in terms of changes required in the prevailing Regulatory Mechanism/Agencies and legal framework; and

(c) the details of the present status regarding final decision taken in this regard?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir. An Internal Working Group with Shri N.V. Deshpande, Legal Adviser, Reserve Bank of India, as Convenor has submitted its report to RBI on the legal and regulatory aspects of debt market.

(b) The main points of the report of the Working Group regarding legal and regulatory aspects of debt market are given in the Statement. (*See below*)

(c) According to RBI, reports of Internal Working Groups are kept in view while processing, from time to time, various proposals and consequently no specific final decisions are contemplated in this regard.

#### **Statement**

*Main points of the Report of Working Group regarding Legal and Regulatory aspects of Debt Market*

#### **LEGAL**

1. Amendment to Securities Contract (Regulation) Act to enable to Government to delegate powers in respect of trading in Government Securities and other debt instruments to the Reserve Bank.
2. Amendment of Securities and Exchange Board of India (SEBI) Act to provide for regulation of securities market by SEBI subject to directions issued by the Reserve Bank in respect of debt instruments.
3. Amendment to Reserve Bank of India (RBI) Act to empower the Reserve Bank to issue directions to SEBI in respect of debt instruments.
4. Proposed Government Securities Act to provide for:

(a) Dematerialised holding of Government securities Depositories

(b) Pledge and hypothecation of Government Securities

(c) Authorise RBI to issue directions for the purpose of carrying out the Act.

5. Amendment to RBI Act to authorise the Reserve Bank to issue directions to the SEBI in so far as the regulation of debt market is concerned.

6. Exemption to RBI from the Forward Contracts (Regulations) Act, 1952 to enable it to deal in forward trading in gold related securities and delegating regulatory powers to the Bank in this regard.

7. Amendment of Banking Regulation Act to confer specific powers to the Reserve Bank to determine "approved securities" for the purpose of S.L.R.

8. Amend the Companies (Acceptance of Deposit) Rules to exempt bonds and debentures from the definition of 'deposit' thereunder leaving it to RBI to regulate them.

#### *Regulatory*

1. Money market regulations should be with the Bank except for listing, trading and settlement of Commercial Paper, Certificate of Deposit, etc. in secondary market. There should be coordination with SEBI in this regard.

2. There should be monitoring mechanism for Subsidiary General Ledger II Account to take care of manipulation in the account.

3. There should be a regulatory framework for private placement of debt and equity.

4. Ceiling on guarantees by Central/ State Governments to public sector units for their bond issues to be necessary.

5. Regulatory frame work for derivatives trading by RBI.

6. Statutory computer audit system should be introduced.

7. Provision to be made for electronic authentication of documents in debt market.

8. Make available on line information to regulate market to prevent distortion.

9. Common and standard procedure for disclosure and handling of grievances.

10. Separate standard listing agreement for debt.

11. Clearing and settlement corporation guaranteeing settlement for market as a whole.

12. Comprehensive single framework of requirements for market intermediaries of debt like Primary dealers and Satellite dealers and members of stock exchanges.

#### *Regularisation of Casual Workers of L.I.C.*

2515. SHRI DAWA LAMA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that no candidate from Darjeeling Kurseong and Kalimpong sub-division and Sikkim passed in the interview for Group C and D staffs, conducted by LIC at North Bengal in 1998;

(b) whether it is a fact that some of the candidates are working as casual workers at Darjeeling Divisional Office of LIC for 10—12 years;

(c) whether Government propose to enquire into such an unusual result; and

(d) whether Government would consider to regularise the casual workers of LIC working for more than five years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE BANKING, REVENUE AND INSURANCE (SHRI KADAMBUR M. R. JANARTHANAN): (a) LIC has reported that in North Bengal there was no recruitment for Group C posts in the year 1998. Written test/Interview was held for Group-D posts only. None from Darjeel-