

to respond off-hand unless I see those figures and have the documents with me. Sir, on the previous question, on 31.3.1991, short-term debt proportion was 10.2 per cent. It came down to 4.78 per cent in September 1995. We must have, therefore, returned a large amount of short-term debt.

SHRI SOM PAL: Mr. Chairman Sir, a large component of the external debt is the soft aid. According to information available, a huge amount of external aid has been lying unutilised. And for several years this figure has been going up year after year. I would like to know from the Minister what the reasons have been for this under-utilisation or non-utilisation and what steps they are envisaging to correct the situation and secondly, what the amounts have been that India has paid during the past five years by way of commitment charges for not utilising the aid within the stipulated period and what is being done to redeem the situation?

SHRI P. CHIDAMBARAM: Sir, in fact, the question was dealt with in great detail three-four weeks ago. Sir, the commitment charges for last three years have been approximately Rs. 60 crores. Utilisation of external aid is tardy for a variety of reasons. One of them being that States are not able to provide counterpart funds which they have to commit for the project. Ideally, utilisation rate should be about 20 per cent of the current commitments so that the project is completed in about five years. I think our ratio is running somewhere between 15 and 16 per cent which means that projects take over seven years or eight years to be completed. Only yesterday, Sir, I have written to the Chief Ministers of States and I am glad this opportunity is available to me to make that clear. I have written to the Chief Ministers of States listing all the externally aided projects in their States, at least the more important ones.... and requesting them to accelerate utilisation of the aid by providing, not merely committing, by providing matching funds, which they have to provide in their Budgets, in their Plans, for completing the projects in time. I have written to the Chief Ministers of the major States where these aided programmes are going on. I hope the States will provide the funds. Otherwise, these projects will tend to drag on and on, beyond 5 years, beyond 7 years

and beyond 10 years. It will only mean that we pay commitment charges and we don't get the benefit of the aid which was committed to us. I sincerely hope that the hon. Members will take up with their respective Chief Ministers and impress upon them the need to provide matching funds which the States have to provide to complete these projects.

SHRI SOM PAL: The question is : If the States do not behave, what steps would the Centre take? This is the question. The other question is: What is the total amount of unutilised aid as on date? I know the present situation. But what would you do? What steps would you take?

SHRI P. CHIDAMBARAM: What steps can I take, Sir! I can only persuade the State Governments to provide funds and complete the projects as quickly as they can in the interest of the States and in the interest of the nation. Otherwise, the committed amount remains committed and not drawn. And we have to pay the commitment charges. I cannot penalise the States. I don't have the power to penalise the States. I don't have the figure in respect of actual pendency. Again speaking from my memory, it must be somewhere around Rs. 60,000 or Rs. 65,000 crores.

SHRI SATISH AGARWAL: It is Rs. 60,000 crores.

SHRI P. CHIDAMBARAM: I don't have the correct figure. However, I will furnish the exact figure to the hon. Member.

MR. CHAIRMAN: Question No. 364 — Shri V. Hanumantha Rao. He is not there.

364. [The questioner (Shri V. Hanumantha Rao) was absent. For answer vide col. 28 *infra*]

MR. CHAIRMAN: Question No. 365 — Mr. Vedprakash P. Goyal.

Fall in share prices after 1996-97 budget

*365. **SHRI VEDPRAKASH P. GOYAL:** Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that there has been a steep fall in the prices of shares of different companies after the presentation of 1996-97 budget in Parliament;

(b) if so, whether Government have analysed and identified the reasons for this fall;

(c) if so, what are the details of the same; and

(d) the steps Government are contemplating to revive the share market?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A Statement is laid on the Table of the House.

Statement

Fall in share prices after 1996-97 budget

(a) Government are aware that prices of shares of various companies have generally declined during the period following the presentation of the Budget for 1996-97.

(b) and (c) There are various factors which affect the movement of share prices. Some of these factors relate to the expectations of investors regarding the performance of the corporate sector and the economy in general, perceptions of the investors about economic policies of the Government, and developments in international capital markets. Stock prices can also be affected by speculative activity in the stock exchanges.

(d) The main concern of Government policy is to ensure that stock markets operate in an orderly and transparent manner in full compliance with the rules and regulations of the Securities and Exchange Board of India (SEBI). SEBI maintains constant vigilance over the functioning of the Stock Exchanges and ensures compliance with rules and regulations. The Government does not intervene directly in the stock markets to affect prices of shares in the stock market. These prices must be allowed to reflect investor sentiment and trading activity subject to full compliance by all participants in the established rules.

SHRI VEDPRAKASH P. GOYAL: Sir, I am sorry all the answers given to my questions are very general and very casual. The answer given to part (a) of my question is: Government are aware that prices of shares of various companies have generally declined... I have a couple of figures to prove that they have not merely

generally declined. In addition, the market is passing through a very, very bad phase. The total market capitalisation in April, 96 was Rs. 5,86,000 crores. In July, 96, it came down to Rs. 5,31,000 crores. On 31st July, it fell down to Rs. 5,01,000 crores. It is a fall of Rs. 81,000 crores which is more than 11%, in three months. In a single month, from 22nd July, 96 to 22nd August, 96, in one month, it has fallen from Rs. 5,31,000 crores to Rs. 4,85,000 — 8.5% fall in one month. But such an important question was answered in general terms. Even in the primary market, the corporate sector and the mutual funds together, in 1994-95, brought Rs. 41,000 crores. In 1996, in four months, it has brought only Rs. 6,600 crores.

MR. CHAIRMAN: Please put a question.

SHRI VEDPRAKASH P. GOYAL: When annualised, it may hardly be Rs. 15,000 crores.

Even to parts (b) and (c) of my question, no reasons were given. The answer is only a very general description — "...expectations of investors regarding the performance of the corporate sector..." The reply says that it depends on various factors. What does the movement of share prices depend on? When the whole market is going down, when the whole economy is going down, that has an effect on the mood of the investor. It is not merely a question of how the stock markets have played. It is a question concerning the management of the economy by the Government. In reply to part (d) of my question, it is said, "...stock markets operate in an orderly and transparent manner..." For correcting the situation, what has been said is that the market will take care of itself. In this connection, I want to make two suggestions and I would like to have the reaction of the hon. Finance Minister to my suggestions. In respect of long-term gains, foreign investors are taxed at 10 per cent.

There is no tax if they are routed through Mauritius. The Indian investors, including the NRIs who bring in foreign exchange, are taxed to the tune of 20%. I would like to ask the hon. Minister whether in the case of Indians also the tax limit could be brought down to 10%. The total revenue involved may be hardly Rs. 100 crores, but it will change the climate for investment.

Secondly, I have read about the hon. Finance Minister's strong commitment and his logic about the MAT. I do not want to confront him on that. The companies will pay it, may be, under duress. But this dividend in the hands of individual shareholders, I suggest, should be exempted from tax. Otherwise, in fact, it is double taxation. At least, the limit of exemption, which is Rs. 13,000 today for both dividends and mutual fund interest could be raised to Rs. 30,000. I would like to know the reaction of the hon. Minister on that.

SHRI P. CHIDAMBARAM: Sir, these are suggestions on taxation. You should make these suggestions in the debate on the Budget and on the Finance Bill and I will respond to them. How do I respond, Sir, by way of an answer saying 'yes' or 'no' to a suggestion on taxation? I can't do that.

MR. CHAIRMAN: Please ask the second supplementary and make it brief.

SHRI VEDPRAKASH P. GOYAL: Sir, my question is this. When the market is going down so much, could the Government be only a spectator? There was some transparency brought in by introduction of on-line trading system in major stock exchange. That has not been extended to other places. Even though requests have been made by the Bombay Stock Exchange, it has not been extended for the B.S.E. If that happens, there will be wider transparency and people will have more confidence in bring shares. Why isn't that being done, even though the B.S.E. has requested for it? That is my question.

SHRI P. CHIDAMBARAM: Sir, we are agreeable to introduce the on-line trading system, but there are some hitches there. The B.S.E. is talking to other Exchanges. There are some proposals to have off-market trading, which, I am told, is something like off-the-race-course betting. But these are matters which they are negotiating and discussing. We are committed to support on-line trading.

SHRI ASHOK MITRA: Mr. Chairman, Sir, some of us are under the impression that the downward trend in share prices had started operating for the last few months, even before the Budget presentation. There is at least one

kind of speculation, that a bear-group is active on the market and this bear-group is being strongly backed by foreign institutional investors. These financial institutions from overseas, who have come here and entrenched themselves in, are interested in picking Indian equity cheap. They have been at the root of this kind of activity.

I would humbly enquire of the Finance Minister whether he would like to make an inquiry into this aspect of the matter.

SHRI P. CHIDAMBARAM: We have looked into it. There is no evidence to show that foreign institutional investors are behind any bear cartel or are supporting any bear cartel. On the contrary, when this hammering of the B.S.E. Index was going on, foreign institutional investors had made net purchases in India. In the months of April, May, June and July, the net FII investment in India...

SHRI ASHOK MITRA: They are hammering it down.

SHRI P. CHIDAMBARAM: That is buying. That is not hammering it down. They are investing. Sir, the net investments have been about \$ 1.4 Billion. Therefore, there is no evidence to show that they are offloading their shares. But there is some evidence that some stocks are being subjected to bear hammering. There is some evidence to show that some brokers have short-sold.

SBEI is looking into it. SEBI has been advised to look at the regulations which deal with short-selling. But, Sir, all I can say is, the Budget is not a watershed to measure the stock market. There is no reason to divide the stock market behaviour into pre-Budget and post-Budget. The stock market behaves in a particular fashion over a particular period of time. The Budget simply is a date which the Government chooses to present its financial statement.

In six out of the last eleven years, the stock market declined in the first seven days after the Budget. It is only in five years the stock market rose in the first seven days after the presentation of the Budget, but I don't think we can draw any conclusion. Stock market is based on sentiments. I have taken meetings, both pre-Budget and post-Budget, with capital

market and stock market leading players. I have a fair idea why the stock market behaved in such a fashion after the Budget was presented. But, the key — I want to take this opportunity to share that thought; obviously the hon. Member who has put this question seems more familiar with the working of the stockmarket than I am — is: How do we persuade the small investor to return to the stock market? The small investor today shies away from the market. He is unhappy with the quality of paper that is coming into the market, he is unhappy with the number of merchant bankers in the country and the quality of advice they give. He is also, perhaps, slightly frightened by the volatility of the market. So I urge upon the presidents of stock exchanges as well as the leading capital market players that they must look into what is wrong in their behaviour which frightens the small investor, and as I said, I would fully support any steps that they would suggest in order to woo the small investor back to the market. I have a few ideas in mind which I will reveal when I reply to the discussion on the Budget. I sincerely hope, the small investor would return to the market. When he returns to the market, you will find that the market is more stable and grows in an orderly fashion. But, the key is to woo the small investor to the market. I am open to suggestions both from Mr. Goyal, Mr. Mitra and others, what steps I should take within the limits of the Government's power to woo the small investor back to the market.

श्री रामदास अग्रवाल: सभापति महोदय, अभी मंत्री जी ने जो बताया मैं उसमें दो बातें पूछना चाहता हूँ। पहली बात तो यह है कि आज का जो शेयर मार्केट है इसमें जो तेजी और मंदी जिस गति से आ रही है वह हमारे लिए कितनी खतरनाक है एक बात, क्योंकि ऐसा लगता है कि शेयर मार्केट का नियंत्रण इस समय जैसा आप चाहते हैं कि छोटा इन्वेस्टर उसमें हिस्सा ले और उसको प्रभावित कर सके शायद वह इस स्थिति में नहीं है आज शेयर मार्केट का नियंत्रण कुछ विदेशी लोगों के हाथों में चला गया है। इसी कारण जब वे खरीद करते हैं बाजार तेज होता है और जब बेचना चाहते हैं बाजार एकदम गिर जाता है। इसे नियंत्रण करने के लिए आप क्या इस बात की स्टडी करेंगे कि वास्तव में जो छोटा इन्वेस्टर है जो गरीब आदमी है, मिडल क्लास का आदमी है उसका इन्वेस्टमेंट इस प्रकार की तेजी और मंदी में कहीं प्रभावित होकर

उसके आर्थिक ढाँचे को कहीं बिगाड़ तो नहीं देगा, यह मेरे प्रश्न का पहला भाग है? दूसरा मैंने ऐसा सुना है कि सरकार शेयर बाजार को ठीक करने के लिए, उसको स्थिर या उसको मजबूत बनाने के लिए सरकार प्रॉविडेंट फंड का जो रुपया है एक लाख 11 हजार करोड़ रुपया जो आज आपके पास है और जिसका 11 हजार करोड़ रुपया ब्याज का आता है, मैंने ऐसा सुना है, एक आइटम भी अखबारों में आया है कि आप इसमें से कुछ 20 हजार करोड़ रुपया शेयर बाजार में लगाने का विचार कर रहे हैं, क्या आपने ऐसा कोई निर्णय किया है कि भविष्य निधि का पैसा शेयर बाजार में लगाने के लिए आपने कोई ऐसा नीतिगत फैसला किया है?

SHRI P. CHIDAMBARAM: The small investor was indeed active in 1994-95. Without the small investor being in the market, the market could not have reached its peak level of Rs. 41,347 crores in 1994-95. This declined to Rs. 27,305 crores in 1995-96. I have had very detailed discussions. My impression is that the quality of paper that came into the market in 1994-95 and the record of companies subsequent to that has been pretty poor which is why the small investor is now staying away from the market. What happens when a good debt issue comes to the market like IDBI issue and the ICICI issue? They have been oversubscribed. There are other reasons like the interest rates being high. The small investor will come back to the market if the quality of the issue is good and if the merchant banker performs a sound role and gives sound advice. Then the small investor will come back to the market. As I said, I have some ideas about trying to woo the small investors back to the market and I will speak about them when I reply to the discussion on the Budget.

As regards the second question, this is an issue which is engaging our attention and this is a complicated issue. Provident fund contributors want a higher return. One of the ways to give them a higher return is to enable a portion of the funds to be invested in the equity market. Then there is the other view that one must be careful about investing the provident fund in the equity market because of market volatility. That one must ensure that the hard earned money of the employees is not lost by speculative activities. We are discussing with the Labour Ministry. The Trustees of the

Provident Fund, I am told, will look into it. *(Interruptions)*.

SHRI VAYALAR RAVI: It will create a lot of problems.

SHRI P. CHIDAMBARAM: I have not said anything. Just kindly listen. *(Interruptions)* There were suggestions which are being looked into. Here is a suggestion which... *(Interruptions)*... Kindly listen to me. *(Interruptions)* Do not think that one's view is always the right view. Sir, the problem is that one assumes that one's view is always the right view. There is another view which is... *(Interruptions)*... You have a view. I said, I am considering it. *(Interruptions)*... I am not saying that. *(Interruptions)*.

श्री रामदास अग्रवाल: सभापति जी, वह रुपया छोटे-छोटे डिपॉजिटर्स का था जो कि शेयर मार्किट में जाने के बाद बर्बाद हो गया... *(व्यवधान)*... हजारों करोड़ रुपया लोगों का डूब गया है... *(व्यवधान)*... सेंट्रल बैंक का, यूको बैंक का... *(व्यवधान)*... क्या उसे डूबाने के लिए भेजने की योजना बना रहे हैं?

SHRI V. NARAYANASAMY: That money cannot be utilised for any speculative purpose. *(Interruptions)*.

MR. CHAIRMAN: Please allow the Minister to answer. *(Interruptions)*.

SHRI V. NARAYANASAMY: The poor worker is to be protected. *(Interruptions)*

MR CHAIRMAN: Allow the Minister to answer. *(Interruptions)*

SHRI P. CHIDAMBARAM: I myself said that one must be very careful, one must ensure that hard earned money is not lost. These are matters which... *(Interruptions)*...

श्री रामदास अग्रवाल: कहा जाता है कि स्मॉल डिपॉजिटर्स का रुपया सुरक्षित रखने की योजना बनाएंगे, लेकिन अंत में पणिणति होती है 'स्कैम' की और हजारों करोड़ रुपया लोगों का डूब जाता है और कोई जिम्मेदारी नहीं लेता है.

No. He should not do it. The Government should declare that this money will not go to the share market. *(Interruptions)* Yes. This money should not go to the market. *(Interruptions)*

MR. CHAIRMAN: That is your view. *(Interruptions)* Mr. Agarwal, please sit down.

SHRI P. CHIDAMBARAM: One must secure a better return to the provident fund. *(Interruptions)*

SHRIMATI RENUKA CHOWDHURY: They are not getting decent interest rates. *(Interruptions)*

SHRI P. CHIDAMBARAM: Sir, there are several views. These views will be carefully considered. *(Interruptions)*

SHRI VAYALAR RAVI: If you do it, we will challenge it. *(Interruptions)*

SHRI SATISH AGARWAL: Both the views can be reconciled if you give an appropriate rate of interest to the pensioners. At the moment, we are paying only seven per cent. The Government is borrowing at the rate of 14% from the open market. Instead of investing the pension funds in the equity with all those speculative measures, it is better if you pay them 15% interest, which you are paying in the market on public borrowing. The money will be safe and there will be no speculation. You will get equitable returns on the investment.

This is how this can be reconciled. *(Interruptions)*

श्री रामदास अग्रवाल: महोदय, स्माल इन्वेस्टर का पैसा नहीं लगना चाहिए।..... *(व्यवधान)*....

MR. CHAIRMAN: Please sit down. ... *(Interruptions)*...: Silence please. Let the Minister answer. ... *(Interruptions)*... There is a limit to it.

SHRI P. CHIDAMBARAM: There are various suggestions. We will ensure that — it is my first comitment and I told the Labour Minister also — we give better return and it must be a secured return. It must be a return which does not in any way compromise the security of the funds. These are matters which are being looked into. There are debt instruments. There are debt instruments even in public sector concerns. Now there is a suggestion that in trople-rated public sector debt instruments should be an avenue of investment. This can only be discussed. I am responding only to the suggestion made by him. ... *(Interruptions)*...

SHRI SATISH AGARWAL: Mr. Ramdas agarwal was apprehensive of the reported news item which says that the Government is thinking of investing pension funds in equity. ...*(Interruptions)*...

SHRI P. CHIDAMBARAM: I have to go by the translation. ...*(Interruptions)*... I was responding to what I heard... *(Interruptions)*...

SHRI SATISH AGARWAL: I suppose it is your own translation. ...*(Interruptions)*...

SHRI P. CHIDAMBARAM: I heard it in the translation. I said that there are various views. ...*(Interruptions)*... I understand your views now. ...*(Interruptions)*... Let me speak; it will be easier...*(Interruption)*.... I understand your views now. ...*(Interruptions)*.. I do not want to repeat in again and again. ...*(Interruptions)*... I heard it in the translation. I understand your views now. These are matters which are being considered. Nothing will be done without consulting the trustees of the Provident Fund. What is the alarm? Suggestions will be there; people will write; people make suggestions and we look into all these suggestions. But as I said, our first commitment is to ensure that the employees' funds get higher and secured returns and that the security of the funds is maintained.

*366. [The questioner (Dr. Mohan Babu) was absent. For answer vide Col. 29 *infra*].

Pay-Parity between programme staff and engineering staff of AIR and DD

*367. SHRI S. MUTHU MANI:†
SHR JOY NADUKKARA:

Will the Minister of INFORMATION AND BROADCASTING be pleased to state:

(a) whether it is a fact that the Programme Staff Association of All India Radio and Doordarshan had demanded for maintaining time-testing pay-parity between the programme staff and engineers;

(b) whether it is also a fact that Ministry had recently raised the pay scales of engineering staff while there was no similar revision for programme staff;

(c) whether the Fifth Pay Commission in a letter to the Ministry indicated that it has no

intention of reopening past cases or in making rectification of anomalies with retrospective effect; and

(d) if so, the action taken by Government to remove the said anomalies?

THE MINISTER OF INFORMATION AND BROADCASTING (SHRI C.M. IBRAHIM): (a) Yes, Sir.

(b) Yes, Sir.

(c) Yes, Sir.

(d) The matter has already been taken up with the Ministry of Finance.

SHRI SATISH AGARWAL: Sir, he has learnt only to say 'Yes, Sir', 'Yes, Sir', 'Yes, Sir'.

SHRI C.M. IBRAHIM: Sir, they must appreciate me that whatever they have said, I have accepted. I have not said, 'No, Sir'.

SHRI TRILOKI NATH CHATURVEDI: They are only 'yes ministers' and not public servants...*(Interruptions)*....

SHRI C.M. IBRAHIM: Yes, for a common man, I am a 'yes minister'; for a poor man, I am a 'yes minister'.

MR. CHAIRMAN: Please....*(Interruptions)*.... Now, the first supplementary, Shri Muthu Mani...*(Interruptions)*....

SHRI S. MUTHU MANI: Sir, I am sorry that could not go through the answer because I have come late. Sir, my colleague may put the supplementaries.

SHRI JOY NADUKKARA: Sir, parts 'a', 'b' and 'c' of the answer say...*(Interruptions)*....

MR. CHAIRMAN: He is asking a supplementary...*(Interruptions)*....

SHRI JOY NADUKKARA: Sir, the Government is admitting in a way its failure to do justice to the programme personnel...*(Interruptions)*.... Sir, if the Government is admitting its mistake, then why can it not correct the mistake? It was in 1994-95 that the pay scales of the technical staff were raised without raising the scales of the programme personnel. Why does the Government not correct it? Sir, if the revision was a result of a court verdict, then I would like to know whether there was any direction

†The question was actually asked on the floor of the House by Shri Joy nadukkara.