

[24 July, 2001]

RAJYA SABHA

bring down the fiscal deficit and contain the growth of public debt as proportion to GDP within a time-frame.

Abolition of Badla system of trading in stock exchanges by SEBI

*35. SHRI NAGENDRA NATH OJHA:
SHRI V.V. RAGHAVAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Securities and Exchange Board of India (SEBI) has abolished the badla system of trading and replaced it with the new rolling settlement;

(b) if so, the details and objectives thereof; and

(c) in what manner the stock markets have reacted to the new system?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA):
(a) and (b) In order to improve institutional mechanisms and trading practices in stock markets, Government had announced that rolling settlement would be extended to 200 category 'A' stocks in Modified Carry Forward System (MCFS), Automated Lending and Borrowing Mechanism (ALBM) and Borrowing and Lending Securities Scheme (BLESS) by July, 2001. Pursuant to this announcement, SEBI had issued a circular to all stock exchanges on March 20, 2001 advising the exchanges to take necessary steps to implement the above decision. Further, the SEBI Board at its meeting held on May 14, 2001 had decided that (i) deferral products, such as ALBM/BLESS/MCFS/Continuous Net Settlement (CNS) shall cease to be available for all scrips from July 2, 2001; (ii) in order to give the market adequate time for orderly unwinding of existing positions in the deferral products, all outstanding deferred positions in the then current settlement were required to be compulsorily liquidated by

September 3, 2001; (iii) any additional deferred positions taken on or after May 15, 2001, in addition to (ii) above were also to be compulsory liquidated by July 2, 2001; (iv) no new positions in deferral products were permitted from July 2, 2001 and (v) the remaining stocks which would not be on the compulsory rolling settlement from July 2, 2001 would be brought under compulsory rolling settlement with effect from January 2, 2002 and in this interim period, *i.e.* between July 2, 2001 and January 2, 2002, stocks which are not under compulsory rolling settlement would be traded on uniform settlement cycle (Monday to Friday) with effect from Monday, July 2, 2001 on all exchanges.

The above decisions of the SEBI Board were communicated to the exchanges by SEBI on May 24, 2001 and June 21, 2001. Following this, the exchanges have made the necessary software changes and have introduced rolling settlement on 414 scrips from July 2, 2001.

(c) An analysis of the turnover volumes in the two leading stock exchanges, *viz.* The National Stock Exchange (NSE), and The Stock Exchange, Mumbai (BSE) since the introduction of the rolling settlement in 414 stocks since July 2, 2001 brings out that there has been a drop in the turnover of the exchanges. However, it may be mentioned that the Indian stock market had witnessed a downward trend in the traded volumes this year even before introduction of rolling settlement. Month-wise average traded volumes on BSE and NSE from January to 16th July, 2001 are given in the enclosed Statement.

[24 July, 2001]

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Statement

Abolition of Badla System of Trading in Stock Exchanges by SEBI

Average daily trading volumes on BSE and NSE from January, 2001 to July, 2001 (upto 16th July) are given below :

Month	BSE	NSE
January	5220.39	6765
February	5071.36	6797
March	2150.97	2868
April	1256.64	1875
May	1448.56	2197
June	1211.94	2037
July*	805	1283

*Introduction of rolling settlement on July 2, 2001.

Janta Deposit Scheme

†*37. SHRI RAJNATH SINGH 'SURYA': Will the Minister of FINANCE be pleased to state:

(a) whether State Bank of India has taken a decision to close "Janta Deposit Scheme";

(b) if so, the reasons therefor; and

(c) what is Government's reaction on the demands of Deposit collectors?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA):
(a) and (b) Discontinuation of Janta Deposit Scheme is under consideration of State Bank of India. However, no final decision has been taken as yet.

†Original notice of the question was received in Hindi.