

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) Initiatives taken pursuant to the Committee's recommendations include reduction in SLR and CRR, simplification of interest rate structure, positioning of norms in respect of capital adequacy, income recognition and provisioning requirements, revision of balance sheet and profit and loss formats for ensuring greater transparency, revision of RBI guidelines for branch licensing, initiation of process of converting Industrial Finance Corporation of India (IFCI) into a company, measures aimed at liberalisation of the capital market, vesting of SEBI with statutory powers, equal treatment of various Mutual Funds in the area of tax concessions etc. The Government have decided to implement the recommendations of the Committee in a phased manner.

(b) Government have received a proposal from the State Bank of India for the merger of its seven associate banks into a single associate bank. Government have solicited the views of Reserve Bank of India on the proposal.

(c) Of the 28 public sector banks, two banks, namely, New Bank of India and UCO bank, have declared losses for the year ended 31st March, 1992. The financial position and performance of the public sector banks is reviewed by the Government and Reserve Bank of India on an ongoing basis. Government and Reserve Bank of India have taken a series of measures to improve the performance and profitability of the public sector banks. These include augmentation of capital, rationalisation of service charges and interest rates structure, control of administrative expenditure, improving operational efficiency, effective business planning and development, etc.

(d) Government have decided to set up special tribunals for recovery of dues of banks/financial institutions.

#### **Proposal to set up an Irrigation Development Bank**

151. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Karnataka Government have made several requests for establishment of an Irrigation Development Bank at the National and State level in order to provide finances for irrigation projects of various states and, if so, what is the status of this proposal; and

(b) what steps Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) Ministry of Water Resources had received such requests in the past and considered them.

(b) Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) do not have any proposal for the setting up of such a financial institution for the said purposes.

#### **Kerb Trading in Bombay Stock Exchange**

152. SHRI MOHINDER SINGH KALYAN: Will the Minister of FINANCE be pleased to state:

(a) what is the estimate of Kerb trading as a percentage of regular trading on the Bombay Stock Exchange;

(b) whether Kerb trading is permissible by law under the rules of the Bombay Stock Exchange; and

(c) whether there is any proposal under Government's consideration to eliminate Kerb trading, if it is not permissible under the law?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) While it is not possible to give any precise estimate of kerb trading in securities because it is illegal, it is reported that such trading can be considered to constitute a very small percentage of the total turn-over on the

the Bombay Stock Exchange.

(b) If a member of the Bombay Stock Exchange calls out prices or makes bids or offers or trades in the street or at the entrances to or in the vicinity of the Stock Exchange, he is deemed guilty of unprofessional conduct under the bye-laws of the Exchange. Further, any person who joins, gathers or assists in gathering at any place for doing business in securities other than the place of business specified in the bye-laws of a recognised stock exchange shall, on conviction, be punishable with imprisonment for a term which may extend to one year, or with fine or with both under the provisions of Section 23(1) of the Securities Contracts (Regulation) Act. According to Section 25 of the said Act, any offence punishable under the provisions of Section 23(1) of the Act shall be deemed to be a cognisable offence within the meaning of the Code of Criminal Procedure.

(c) Does not arise in view of answer to (b) above.

#### **Regulation of Foreign Exchange Money Market**

153. SHRI SHIV CHARAN SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a Foreign Exchange Money Market is in existence in India;

(b) if so, in what manner Government keeps regulatory discipline on the same; and

(c) what is the estimated amount of dealings in Foreign Exchange in the said money market in India for the latest year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes, Sir.

(b) The dealings in the Market are governed by exchange control regulations as laid down in the Exchange Control

Manual of the Reserve Bank as well as the guidelines/rules of the Foreign Exchange Dealers Association of India.

(c) For the Financial Year 1990-91 the foreign exchange turnover was Rs.7,15,008 crores.

#### **Companies with Limited Liabilities to Work as Brokers and Jobbers**

154. SHRIMATI ILA PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the companies with limited liabilities are allowed by Government to work as brokers and Jobbers on stock exchanges in India, under the law; and

(b) if so, who will bear the liabilities for losses of such brokers and Jobbers in case of Joint Stock Companies with fully paid up shares?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Government have issued a Notification on 13th November, 1992 amending the Securities Contracts (Regulation) Rules, 1957 in order to provide that a company as defined in the Companies Act 1956 shall also be eligible to be elected as a member of a stock exchange if it, *inter alia*, satisfies the following conditions:

- (i) Such company is formed in compliance with the provisions of section 12 of the said Act;
- (ii) Such company undertakes to comply with such financial requirements and norms as may be specified by the Securities and Exchange Board of India for the registration of such company under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992;
- (iii) majority of the directors of such company are shareholders of the company and not less than 40% of the paid up equity capital, of the company is held by these directors