

- (a) whether it is a fact that the increasing numbers of promoters are seeking to allot themselves preferential shares in wake of recent rise in stock market;
- (b) whether such steps are permissible as per the corporate governance norms;
- (c) whether the permission of the Securities and Exchange Board of India (SEBI) is required in such cases; and
- (d) what steps are being taken by the SEBI to make such companies compliant with the corporate governance norms in this respect?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) There is no significant change in the proportion of companies seeking to allot shares to promoters on a preferential basis.

(b) to (d) No permission from SEBI is required by listed companies for making preferential issues. However, preferential allotment to promoters should not bring the public shareholding below the minimum level specified in the Equity Listing Agreement. Further, a company making preferential issue complies with the SEBI guidelines with respect to pricing, lock-in of shares, disclosures in the notice sent to shareholders, changes in shareholding pattern, objects of the issue among others. Preferential allotments are also governed by section 81 (1A) of the Companies Act in terms of which, *inter alia*, a special resolution of the shareholders at a general meeting is required for such issues.

National Investment Fund

2628. SHRI K.E. ISMAIL:

SHRI R.C. SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the National Investment Fund (NIF) was set up to keep the sale proceeds of Government equity shares in public sector units and is mandated to finance infrastructure;
- (b) if so, when it was set up and the money accumulated in the Fund so far;
- (c) the purpose for which this Fund has been used and what is the balance amount;
- (d) whether it is a fact that Government is considering a proposal to dissolve NIF; and
- (e) if so, the reasons therefore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Government has constituted a "National Investment Fund" (NIF) in November, 2005, into which the proceeds from disinvestment of equity in PSUs would be channelised. The corpus of NIF will be of a permanent nature. NIF will be professionally managed to provide sustainable returns to the Government without depleting the corpus. Selected Public Sector Mutual Funds, namely UTI Asset Management Company Private Limited, SBI Funds Management Private Limited and LIC

Mutual Fund Asset Management Company Limited have been entrusted with the management of the corpus of NIF. 75% of the annual income will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25% of the annual income of NIF will be used to meet the capital investment requirements of profitable and revivable PSUs.

A total amount of Rs. 1814.45 crores has been credited to the NIF as on date. For the first year of investment, an income payout of Rs. 84.81 crores has been received and credited to the Consolidated Fund of India.

- (d) No, Sir.
- (e) Does not arise.

Tax exemption on long term deposits

2629. SHRI RAJ MOHINDER SINGH MAJITHA:

SHRI RAVI SHANKAR PRASAD:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that banks have urged for tax exemption on long term deposits;
- (b) if so, the details thereof; and
- (c) the amount recovered as tax on long term deposits *i.e.* deposits of five or more years by the banks in the country during 2005-2008, year-wise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes Sir.

(b) The Indian Banks' Association (IBA) has submitted that term deposits kept with Bank for a period of 5 years or more is eligible to get deduction under section 80C of the Income-tax Act, 1961. However, according to them, the Banks, as per the provisions of the Scheme can grant no loan against these deposits. Hence, liquidity is not available to the depositors which makes the scheme unattractive to the depositors. The IBA has thus proposed that lock-in-period for the deposit may be reduced from 5 years to 3 years to make it at par with other tax saving instruments such as ELSS and Mutual Funds. The Association has also proposed to grant loan against these deposits in order to provide liquidity to depositors and also to grant exemption from purview of TDS.

- (c) Since no such data is maintained the details cannot be provided.

Reviving of disinvestment programme

2630. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government proposes to kickstart the stalled disinvestment programme of Central Public Sector Undertakings (CPSUs);
- (b) if so, what is Government's estimated amount of money to be generated from such PSUs during 2009-10 and how the funds collected will be utilized; and

Original notice of the question was received in Hindi.