

burden which is not only increasing fiscal deficits of the State Governments but is also having adverse impact on various development projects in the States whereas Central Government is getting revenue by way of income tax; and

(b) what steps has been taken by the Central Government to provide relief to State Governments?

THE MINISTER OF STATE IN MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Many State Governments have requested the Government of India for financial assistance to share the burden arising out of the implementation of recommendations of Sixth Central Pay Commission. Government of India has taken a consistent position that the decision to implement the Sixth Central Pay Commission recommendations, or those of any pay commission set up by the States for State Governments' employees, falls entirely within the purview of the State Governments. Therefore it is for the State Governments to decide whether or not, and the extent to which to implement such recommendations. Successive Finance Commissions recommend a share for States in the taxes collected by the Central Government. Income tax is included among these taxes.

Check on liquidity system

†1997. 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 the Cash Reserve Ratio (CRR) was increased by 0.75 per cent in the past few months;

(b) if so, the amount of liquidity with banks to check liquidity in banks before the said announcement; and

(c) the estimated decrease in liquidity consequent upon the said announcement?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes, Sir. The Reserve Bank of India (RBI), in its Third Quarter Review of Monetary Policy, announced on January 29, 2010, increased the cash reserve ratio (CRR) by 75 basis points from 5.00 per cent to 5.75 per cent of scheduled banks net demand and time liabilities (NDTL) in two stages (50 basis points with effect from February 13, 2010 and 25 basis points with effect from February 27, 2010 respectively).

(b) The average daily amount of surplus liquidity absorbed by the RBI through the reverse repo window under the Liquidity Adjustment Facility (LAF) during the period from January 01 to February 12, 2010 (i.e. before the two-stage increase in the CRR became effective) was Rs.86,485 crore.

† Original notice of the question was received in Hindi.

(c) The increase in the CRR absorbed about Rs.36,000 crore of excess liquidity from the system.

Investment in share market

†1998. SHRI RAVI SHANKAR PRASAD:

SHRI SHIVANAND TIWARI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the investment by foreign financial institutes in the Indian share markets in the first quarter (till December) of financial year 2009-10 has been more than the investment they made during past years;

(b) if so, the quantum of total investment and the quantum by which it exceeds from the investment of past years; and

(c) the investment by banks, insurance companies and mutual funds of the country in comparison to investment by foreign financial institutes in the share market?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) Yes, Sir.

(b) The total investment made by the Foreign Institutional Investors in the Indian Share markets for the 1st three quarters (April to December) of the last three financial years in Rs crore is as follows:

Investment	2007-08 (till December)	2008-09 (till December)	2009-10 (till December)
Equity	64,837	-41,555	89,576

Source: SEBI

(c) The total investment by FIIs, Mutual funds, banks and insurance companies in equity in Rs. crore during the 1st three quarters (April to December) of the last three financial years is as follows:

Investment	2007-08 (till December)	2008-09 (till December)	2009-10 (till December)
FII	64,837	-41,555	89,576
Mutual funds	10,060	7,868	-4,421
Banks	-6,131	-732	-4,500
Insurance	23,799	42,226	25,689

Source: SEBI

† Original notice of the question was received in Hindi.

Subsidy and fiscal deficit

†1999. SHRI LALIT KISHORE CHATURVEDI:

DR. GYAN PRAKASH PILANIA:

Will the Minister of FINANCE be pleased to refer to the answer to Starred Question 350 given in the Rajya Sabha on 28th July, 2009 and state:

† Original notice of the question was received in Hindi.