

(d) The International airports at Delhi and Mumbai have been restructured through private sector participation for its modernization though ATC operations continue to premain with Airports Authority of India and security with Government. Apart from this, AAI has decided to modernize 35 selected non-metro airports to world-class standards. Improvement of passenger facilities is a continuous process and AAI has taken up the expansion and modification of Terminal Buildings, construction of new terminal buildings, expansion of aircraft parking stands. construction of new aircraft parking stands, improvement of car part, approach road etc. to meet the requirement of increased volume of air traffic at various airports in the country.

### **Upheaval in stock market**

**\*27. SHRI GIREESH KUMAR SANGHI:**

**SHRI RAJKUMAR DHOOT:**

Will the Minister of FINANCE be pleased to state:

(a) whether Government have ascertained the reasons of the recent upheaval in the stock market;

(b) if so, whether it is a fact that one of the major causes of such upheaval was large scale selling by the Foreign Institutional Investors (FIIs);

(c) if so, whether Government would consider it safe to link social safety, instruments like insurance and pension schemes with uncertain equity market that may deplete the returns; and

(d) what steps are being considered by Government to insulate such schemes from upheavals caused by speculative motives of FIIs?

**THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM):**(a) The movement in stock market indices is a function of many factors including investors' perceptions of the economy, the sector or an index stock. Movements of stock market also depend on economic factors, domestic and international events, market sentiments, corporate performance and prospects of future economic growth. The stock market capitalises the present and future values of growth opportunities while evaluating the growth of all sectors in the economy.

Several factors such as rising crude prices, increase in the interest rates by developed countries, decrease in fund flows to emerging markets

and relative valuation of emerging markets appear to be the reasons for the recent fluctuation in the market.

(b) Investors including foreign institutional investors buy and sell in the capital markets based on factors including the factors listed in (a) above and these decisions do cause market movements.

The FIIs are a sub-set of the total institutional turnover in the Indian stock markets. According to data available with Securities and Exchange Board of India (SEBI), Foreign Institutional Investors (FIIs) were net buyers in debt and equity in the Indian markets during January to April, 2006. They were net sellers in the month of May, 2006 but have again been net buyers in June, 2006. The share of FIIs in total turnover on the National Stock Exchange and the Bombay Stock Exchange (BSE) was 13.41% in 2005-06. There is no empirical evidence to say that the recent rise or fall in the Indian stock market indices is primarily driven by FIIs.

(c) and (d) As far as social safety instruments like insurance and pension schemes are concerned, while prescribing investment guidelines, the objective of the Government and the regulators is to provide secure returns while also providing a choice of avenues for generating high returns, subject to assessment of the risk-return trade-off by the competent authority. Investment in equity as an option, wherever permitted, is subject to prudential and exposure norms.

### **Development of Tourism in North Eastern States**

†\*28. SHRI MOTILAL VORA:  
MS. SUSHILA TIRIYA:

Will the Minister of TOURISM be pleased to state:

(a) whether Government have any scheme to attract local and foreign tourists towards North Eastern States;

(b) if so, the details thereof;

(c) the amount provided for the development of tourism in North Eastern States; and

(d) the steps to be taken by Government for the safety of tourists?

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†Original notice of the question was received in Hindi.