

scheme of finance by the financial institutions/Government under M.K.T.P. Act, etc.

Debt:equity ratio

3. The debt:equity ratio, including the proposed debenture issue, shall not exceed 2:1.

Vote. For this purpose—

(i) 'debt' will mean all term loans, debentures and bonds with an initial maturity period of five years or more including interest accrued thereon. It also includes all deferred payment liabilities, but it does not include short-term bank borrowings and advances, unsecured deposits or loans from the public, shareholders and employees, and unsecured loans or deposits from others. It should also include the proposed debenture issue.

(ii) 'equity' will mean paid up share capital including preference capital and free reserves.

(iii) The computations under Guidelines 2 and 3 will be based on the latest available audited balance sheet of the company.

A relaxation in the norm of debt-equity ratio of 2:1 will be considered favourably for capital-intensive projects, such as fertilizers, petro-chemicals, cement, paper shipping, etc.

Interest rate

4. The debentures shall carry a rate of interest not exceeding 12 per cent per annum. However, in order to make the debentures more attractive to the prospective investors, it is open to the company to offer suitable incentives like, for example, the issue of debentures at a discount, or payment of an additional interest of, say, upto 1 per cent for any year if, in that year the company declares dividend on its equity at a rate exceeding a previously established rate, (e.g. the highest rate of dividend declared in the three years preceding the debenture issue).

Period 5. The debentures shall not be redeemable before the expiry of a period of seven years.

6. The face value of the debentures will ordinarily be Rs. 100/- each.

7. The debentures shall be listed on the Stock Exchange.

8. The company proposing to issue the debentures to the public should be a listed one and its equity shares must have been quoted on the Stock Exchange at or above the par value during the six months prior to the date of application for issue of debentures.

9. The issue of debentures shall be underwritten. A relaxation is permitted in this regard if the Controller of Capital Issues is otherwise satisfied that the issue need not be underwritten.

10. Only secured debentures would be permitted for issue to the public.

NEW DELHI.

Date: 27th October, 1980

Introduction of direct flight from New Delhi to Trivandrum

599. SHRI T. BASHEER; Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state whether Government propose to introduce direct flight from Trivandrum to New Delhi and back on all days?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI A. P. SHARMA); The average number of passengers per day on this route is estimated at 15, and as such a direct flight between Trivandrum-New Delhi on all the days is not economically viable.

However, to facilitate passengers travelling between Trivandrum and Delhi, Indian Airlines schedules have been so designed as to provide very convenient and immediate connections for travelling from Trivandrum to Delhi and vice-versa with one stop only either at Madras or at Bombay. The ticketing and baggage both via Bombay and Madras will be booked 1 direct between Trivandrum and Delhi.