

Restructuring is considered an event of default and the account is considered impaired as per international prudential and accounting norms. Relaxations in provisioning, asset classification and risk weight norms in this regard are not viewed positively by international agencies including international rating agencies. In view of the foregoing, RBI is generally not in favour of relaxing its prudential guidelines on restructuring of advances.

### **Financial Irregularities in PSEs**

\*272. SHRI N. K. SINGH: Will the Minister of HEAVY INDUSTRIES & PUBLIC ENTERPRISES be pleased to state:

(a) whether Government is aware of financial irregularities in the Public Sector Enterprises (PSEs);

(b) if so, the details thereof;

(c) the reasons for failure in checking these irregularities;

(d) the action Government proposes to take on the basis of the Comptroller and Auditor General's Report in terms of financial irregularities in PSEs; and

(e) the total loss accrued to Government exchequer during the last three years due to these financial irregularities in PSEs ?

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL) : (a) to (e) Comptroller and Auditor General of India (C&AG) conducts the audit of Central Public Sector Enterprises (CPSEs) under the provisions of Section 619 of the Companies Act, 1956. The significant audit findings are reported to the Parliament through the audit reports of the C&AG. The C&AG Report (Commercial) for the year ending 2008, 2009 and pointed out irregularities in CPSEs to the tune of Rs.1846.58 crore, 5618.99 crore and 7800.38 crore respectively.

C&AG have also pointed out reasons for these deficiencies. The concerned Ministry/ Department is required to take necessary action including remedial action, if any, on the Audit paras/observations relating to Central Public Sector Enterprises (CPSEs) under its administrative control.

In order to effectively monitor and expedite the follow up action on C&AG report, each Administrative Ministry/Department has also set up monitoring cell. As and when the reports of the C&AG are placed in the Parliament, the audit paras are sent immediately to all the concerned administrative Ministries/CPSEs for furnishing the Action Taken Report (ATR) on the audit paras. The concerned administrative Ministry/Department is required to submit Action Taken Notes (ATNs) to the office of C&AG for their vetting. After obtaining the vetting remarks of C&AG, the same is submitted by the concerned

administrative Ministry/Department for consideration of the Committee on Public Undertakings (CoPU). Submission of the ATNs by respective Ministry/Department after getting the same vetted by the office of C&AG is a continuous process.

#### **Investment of Subsidiary Companies in Devas**

\*273. SHRIMATI KUSUM RAI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Ministry had approved the investment by subsidiary companies of DEVAS multimedia into it and also allowed the change in the structure of DEVAS;

(b) the authority which authorised these investments and the reasons therefor;

(c) whether a subsidiary is allowed to invest in parent company;

(d) if not, the reasons therefor and how these investments were allowed;

(e) the action taken against the guilty in this regard;

(f) whether an enquiry by JPC or CBI will be conducted into the whole DEVAS issue; and

(g) if so, by when and if not, the reasons therefor ?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (d) M/s Devas Multimedia Private Limited, Bangalore (DMPL) has been issued approvals, between May 18, 2006 and September 29, 2009 relating to investment by foreign investors, namely M/s Telecom Ventures LLC/ Subsidiary Cos. United State of America USA; M/s. Columbia Capital LLC/ Subsidiary Cos, USA; M/s Deutsche Telecom Asia Pte Ltd., Singapore [Wholly owned Subsidiary (WoS) within the Deutsche Telecom group of companies]; and Devas Employees Mauritius Private Limited, Mauritius (WoS of Devas Employees Fund, US, LLC – DEF, USA), besides other individual foreign investors. An *ex-Post facto* approval dated May 19, 2008 has also been accorded to DMPL to change its status from operating company to operating cum holding company, subject to compounding by Reserve Bank of India (RBI).

The said approvals have been accorded as per the recommendations of Foreign Investment Promotion Board (FIPB) and with the approval of the Finance Minister, as per the provisions of the Foreign Direct Investment Policy.

The original approval dated May 18, 2006, *inter alia*, prescribed that the issue/ valuation/transfer of shares shall be as per Securities and Exchange Board of India (SEBI)/RBI guidelines. the said approval also provides that the agreement shall be subject to Indian Laws.