

- (II) Issues caution advises in respect of borrowers who have defaulted the banks.

In the past considering various concerns arising out of bank's operations, including incidence of frauds, RBI has advised banks to:

- (i) Introduce a system of concurrent audit;.
- (ii) Review working of internal inspection and audit machinery in banks by the Audit Committee of the Board of Directors;
- (iii) Constitute a Special Committee of the Board to exclusively monitor frauds of Rs. 1 crore and above.
- (iii) In order to make third parties and professionals accountable, who have played a vital role in credit sanction/disbursement or facilitated the perpetration of frauds, banks have been advised vide circular dated March 16, 2009 to report to Indian Banks' Association (IBA). IBA in turn will prepare caution lists of such parties for circulation among the banks.

Insurance protections to Below Poverty Line families

677. DR. PRADEEP KUMAR BALMUCHU: Will the Minister of FINANCE be pleased to state:

- (a) whether Government is preparing to bring in legislation for the Insurance Regulatory Development Authority to bring the BPL (Below Poverty Line) families and give them insurance protection;
- (b) if so, the details thereof; and
- (c) the benefits being offered to BPL families under this scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) No, Sir.

- (b) and (c) Do not arise in view of (a) above.

Revision of norms with regard to Exchange Traded Funds

678. DR. PRADEEP KUMAR BALMUCHU: Will the Minister of FINANCE be pleased to state:

- (a) whether Securities and Exchange Board of India (SEBI) has revised the norms for calculating the margins for Exchange Traded Funds; and if so the details thereof; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes, Sir.

(b) In order to bring efficiency in margining of index Exchange Traded Funds (ETFs) and facilitate efficient use of margin capital by market participants, SEBI *vide* its circular CIR/MRD/DP/26/2012 dated September 26, 2012 reviewed the margining framework of Exchange Traded Funds on the following lines:

1. Value at Risk (VaR) margin computation for ETFs that track an index shall be computed as higher of 5% or three times sigma (Standard Deviation) of the ETF. The revised margin framework is applicable to ETFs that track broad based market indices and does not include ETFs which track sectoral indices.
2. The facility of cross margining is extended to ETFs based on equity index and its constituent stocks for following off-setting positions in cash market segment as follows:
 - a. ETFs and constituent stocks (in the proportion specified for the ETF) to the extent they offset each other,
 - b. ETFs and constituent stocks futures (in the proportion specified for the ETF) to the extent they offset each other, and
 - c. ETFs and relevant Index Futures to the extent they offset each other.
3. In the event of a suspension on creation/redemption of the ETF units, the cross-margining benefit shall be withdrawn.

Momentum of headline WPI inflation

679. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether there has been a pick-up in the momentum of headline Wholesale Price Index (WPI) inflation;

(b) if so, the reasons therefor;

(c) whether Government has undertaken measures to arrest the momentum of headline WPI; and

(d) if so, the details thereof?