

Foreign currency convertible bonds

40. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have issued guidelines for foreign currency convertible bonds;

(b) if so, the details thereof; and

(c) what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Yes, Sir. Government notified a scheme called the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 (FCCBs). This facilitates Indian companies to access International Capital Markets for their long term capital requirements.

Revisions/modifications in the operative guidelines are announced from time to time in line with liberalisation made for External Commercial Borrowings. In January 2004, the scheme for issue of FCCBs has also been liberalized in regard to interest rates and procedures etc. All FCCBs, in consonance with published guidelines are on the automatic route upto USD 500 million. All corporates, except Banks, NBFCs and Financial Institutions are eligible to access the above scheme. These guidelines are available on the web-site of the Ministry of Finance.

Market stabilisation bonds

41. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are seriously considering to launch market stabilisation bonds during the current fiscal year; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Central Government, in consultation with the Reserve Bank of India, has launched Market Stabilisation Scheme since April 2004. The Scheme envisages issue of