

(e) if so, what action is proposed by Government to safeguard the interest of the policy holders so that future growth of LIC is not affected?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (e) Union Finance Minister, in his Budget speech (2016), had announced: "The process of transformation of IDBI Bank has already started. Government will take it forward and also consider the option of reducing its stake below 50%." Against this background, after approval of LIC's Board, LIC submitted a proposal informing, *inter alia*, of various measures for safeguarding the policyholders fund, to the Insurance Regulatory and Development Authority of India (IRDAI) for acquiring controlling stake in IDBI Bank Limited. After consideration of LIC's submissions by IRDAI and receipt of IRDAI's permission, LIC has written to IDBI Bank Limited expressing interest in acquiring 51% controlling stake in the bank. In this regard, it may be noted that both LIC and IDBI Bank Limited are Board-driven entities, and take their decisions as per extant policy and regulatory framework. After consideration of LIC's offer by the Board of IDBI Bank Limited, the bank has sought Government's decision in the context of Government's stake coming down below 51% as a result of the proposed acquisition. The matter is under Government's consideration.

LIC and the bank have informed that some employees' associations have expressed their concerns with regard to the proposed acquisition.

With regard to whether there is strong opposition from LIC policyholders, Government has checked the position in the matter with LIC which has conveyed that this is not the case as per its records.

#### **Fine on London based Canara Bank branch**

1498. SHRI KAPIL SIBAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that London based Canara Bank branch was not following the Regulations and therefore have been fined by the British Government, if so, the details thereof;

(b) whether this fine on the Bank would affect the overall assets of the Bank, if so, the steps Government is taking in this regard;

(c) whether Government has formed any Regulatory body to keep vigil on the overseas branches of Indian Banks, if so, the details thereof and if not, the reasons therefor; and

(d) the details of action taken against erring officials of the Bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (d) Canara Bank has informed that its London branch was fined by the UK regulators, Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA), for control gaps in the branch *vis-a-vis* UK regulatory standards in respect of anti-money-laundering, risk management, compliance monitoring and governance, although no specific incident of money-laundering was detected. The bank has further apprised that as the branch's report, requisite systems and controls have since been put in place and the money-laundering reporting function and anti-money laundering systems enhanced, and the same have been confirmed as fully fit. The bank has also stated that the fine would not affect the overall assets of the branch or the bank. The bank has further informed that FCA has taken decision to discontinue investigation against the then Chief Executive Officer, Head of Risk and Compliance, and the Money Laundering Reporting Officer. The bank, on its part, has ordered an internal investigation into the matter.

Reserve Bank of India (RBI) has informed that the RBI is the regulatory and supervisory authority for the foreign branches of Indian banks, and that the activities of the foreign branches of Indian banks are also subjected to regulation and supervision of financial regulators of respective host countries.

#### **Measures to control Stock Market crashes**

1499. DR. VIKAS MAHATME: Will the Minister of FINANCE be pleased to state the measures in place to control stock market's crashes because of sudden exits by Foreign Institutional Investors (FIIs)?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RADHAKRISHANAN P.): Some of the important measures in place to control stock market crashes are given as under:-

Risk measures:

1. Risk reduction mode – When 90% of the stock broker's collateral available for adjustment against margins gets utilized on account of trades, order level, as opposed to trade level, risk management is initiated. This provides enhanced risk management at the level of the trading member.
2. Compulsory close out – If an incoming order is not backed up by margin of the member available with the exchange, then such order is partially or fully cancelled, as the case may be. Members are disabled from creating fresh positions and are allowed to close out open positions.
3. Capital adequacy check – Exchanges carry out a systematic monitoring of trading member's performance and track record, online monitoring of margin