

5. Central Bank of India.
6. Dena Bank.
7. Indian Bank.
8. Indian Overseas Bank.
9. Punjab & Sind Bank.
10. Syndicate Bank.
11. United Bank of India.
12. UCO Bank.

(c) to (e). Introduction of income recognition and prudential norms in 1992-93 by Reserve Bank of India had resulted in some banks incurring losses due to higher provisioning requirements. In addition, low yield on advances, especially priority sector advances, fall in average yield of advances mainly because of non-performing assets, high establishment/overhead expenditure compared to the volume of business have been some of the reasons for losses suffered by the branches of nationalised banks.

[English]

#### Public Issues of M.S. Shoes

\*460. SHRI MOHAN SINGH (DEORIA) :  
SHRI LOKANATH CHOUDHARY :

Will the minister of FINANCE be pleased to state:

- (a) whether a crisis was created by M.S. Shoes Limited in the shares market;
- (b) if so, the details thereof;
- (c) whether the Government have instituted an inquiry into the matter;
- (d) if so, the outcome thereof;
- (e) whether the Government have taken action against the persons/authorities found responsible for irregularities in this matter;
- (f) if so, the details thereof; and
- (g) the steps being taken by the Government to prevent such happenings in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY):  
(a) and (b). The public issue of M/s M.S. Shoes East Limited, which opened for subscription in February, 1995, failed as the issue was not fully subscribed. The issue was in two parts, comprising a public issue of Zero Coupon Fully Convertible Debentures (FCDs) of Rs. 428 crores, followed by a rights issue of FCDs amounting to Rs. 271 crores to be offered to the existing shareholders. Transactions in the shares of this company also lead to a broker default on the Bombay Stock Exchange (BSE) leading to the closure of the Exchange for three days.

(c) to (f). The Securities and Exchange Board of India (SEBI) has taken steps to initiate action against the company, its directors, merchant bankers and the brokers. A Show Cause Notice was issued to the

company under Sec. 63 and 68 (read with 621) of the companies Act for misstatement and non-disclosure of a material fact that the prevailing market price of the shares of the company was the cum-rights price while the subscribers to the current issue would not be entitled to the rights issue. Show Cause Notices have also been issued to the company for manipulating the market price of the company's shares and a misstatement that the company had signed a MOU with M/s Marubeni Corporation, Japan for a buy-back arrangement.

Inspections of M/s Sarin & Company, M/s R.C. Maheswari & Company and M/s Yadav & Company, the brokers of the Delhi Stock Exchange, were conducted by SEBI in connection with price rigging by these broker firms in collusion with the company. SEBI has also directed the BSE to appoint a Committee of public representatives to look into the reasons for the broker default and to fix responsibility. The BSE has constituted the committee, which has also been requested to suggest such measures as it deems fit for avoiding the recurrence of such events. A Show Cause Notice has also been issued by SEBI to the merchant bankers for failure to exercise due diligence.

(g) Under the existing guidelines of SEBI, all companies intending to float public issues are required to submit their offer documents to SEBI through their lead manager for vetting in accordance with the SEBI Guidelines for Disclosures and Investor protection. Regulation 23 of the SEBI (Merchant Bankers) Regulation imposes an obligation on the Lead Merchant Bankers to verify the correctness of the documents for vetting. The Lead Manager is also required to give a due diligence certificate to SEBI as prescribed under the regulations. SEBI, which only vets but does not approve any public issue, is required to ensure that a company seeking to raise capital from the public discloses material information in the offer documents necessary for investors to take informed decisions.

With a view to further strengthening the existing disclosure requirements, SEBI has also constituted a committee of experts to suggest improvements in the disclosure norms.

#### Shilpgram Project

4525. SHRI RAMCHANDRA MAROTRAO GHANGARE : Will the Minister of TEXTILES be pleased to state :

- (a) the progress made so far in the establishment of the multicore 'Shilpgram' project at Nagpur which contained the establishment of a village to promote traditional folk artisans and craftsman;
- (b) the reasons for delay in implementation of the project;
- (c) the measures being taken to implement the project;