

Provisioning norms for bad and doubtful debts have been prescribed for the last three categories of assets. Risk weights on the co-balance sheet assets and credit conversion factors for off-balance sheet items of exposures have also been prescribed.

While cash, bank balances and investments in government and approved securities have been given 'zero' weightage, the other assets have been given weightage of 100. The off-balance sheet items of exposures carry credit conversion factors ranging from 50 to 100 per cent.

#### 4. Capital adequacy ratio

The registered financial companies have been asked to attain capital adequacy ratio of *six percent based on the risk weighted assets and conversion of off-balance sheet exposures by March 31st, 1995 and eight per cent by March 31, 1996.*

#### 5. Composition of capital

Capital will be divided into two tiers, Tier-I will consist of paid-up equity capital and free reserves. Tier-II capital will consist of preference shares, revaluation reserves, general provisions and loss reserves in excess of the required amounts and hybrid debt capital instruments/subordinated debts, if any. Tier-II capital is not to exceed Tier-I capital. While arriving a Tier-I capital, investments and loans and advances in subsidiaries and companies in the same group and other non-banking financial companies in excess of ten per cent of the owned fund of the registered financial companies will be deducted.

#### 6. Concentration of credit/Investments

The registered financial companies *should not lend more than fifteen per*

*cent of their net owned fund to any single party or twenty-five per cent of their net owned fund to a single group of parties.* Excess if any, over these limits should be brought down in the course of repayment of the dues, as scheduled. As financial company should not invest more than twenty-five per cent of its owned funds in shares and debentures of another company. Keeping in mind the attendant risks in regard to investments in companies belonging to a group or in a particular industry, the financial companies should endeavour to diversify the portfolio.

#### 7. Reporting compliance

With a view to ensure compliance by registered financial companies with prudential norms, a reporting format has been prescribed by Reserve Bank of India which is to be submitted to RBI at the end of September and March every year together with auditor's certificate.

#### 8. Credit rating

A system of compulsory credit rating for the registered financial companies in a phased manner has also been introduced. The companies have advised to get the first rating by March 31, 1995 and submit it along with the relevant half-yearly return. A fresh rating is to be obtained at least once every year. Companies with net owned fund below Rs. 2 crore have, however, been given the option to get the rating latest by March 31, 1996.

#### Unit 1964 Scheme

2896. SHRI RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) whether the Government have received complaints about the diversion

of certificates of Unit 1964 Scheme of UTI to share brokers in connivance with some employees of Lucknow GPO;

(b) if so, whether investigations have been made in this regard; and

(c) the outcome thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY): (a) to (c). The Unit Trust of India (UTI) has reported that about 128 cases have come to its notice in regard to non-receipt of Unit Scheme, 1964 certificates in original by genuine unit holders possibly due to interception of post in the Lucknow GPO region. However, these certificates have been lodged with UTI for registering the transfers. The Unit Trust of India has not effected the transfers since the signatures of the transferers did not match with those in its record. The matter of intercepting the unit certificates in postal transit has been taken up by UTI with the Chief Post Master General, Lucknow. In the Meantime UTI has issued certificates to original unit holders after completion of necessary formalities.

#### **Production of Hank Yarn**

2897. SHRI BOLLA BULLI  
RAMAIAH:  
SHRI SULTAN SALAHUDDIN  
OWAISI:

Will the Minister of TEXTILES be pleased to state:

(a) whether some textile mills are not fulfilling their obligation to produce 50% of hank yarn out of their total production;

(b) if so, the names of such mills; and

(c) the action taken by the Government against such mills ?

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES (SHRI G.VENKAT SWAMY): (a) Yes, Sir.

(b) The information is being collected.

(c) The Office of the Textile Commissioner has filed FIRs for prosecuting the defaulter mills under the Essential Commodities Act.

#### **Setting up of Yatri Niwases, Hotels and Motels**

2898. SHRI GOPI NATH GAJAPATHI: Will the Minister of CIVIL AVIATION AND TOURISM be pleased to state:

(a) whether some yatri niwases, hotels and motels are proposed to be set up by the Government in the Central sector; and

(b) if so, the details of the plan of the Government in this regard for different States for Eighth and Ninth Five Year Plans ?

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI GHULAM NABI AZAD): (a) to (b). The Central Department of Tourism extends financial assistance for the construction of yatri niwases and motels to the State Government. No financial assistance is extended to the State Governments for the construction of hotels. Central financial assistance extended to the State Governments for the construction of