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32. 20 Improve the working of the public enterprises by increasing efficiency, capacity utilisation and the generation of internal resources.

NON TARGET ITEM

Investments by Bank in Capital Market

3691. DR. K. G. ADIYODI: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal to allow schedule banks in the country to invest a portion of their deposits in the capital market;

(b) if so, the details thereof;

(c) whether there is any proposal to introduce OTC (over the counter sale and purchase of public sector bonds), as is being done in Bombay and Delhi, in other State capitals; and

(d) if so, the time schedule in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) and (b). Reserve Bank of India has reported that there is no prohibition, as such, on scheduled commercial banks investing in shares/debentures/bonds of private sector companies and public sector undertakings except as otherwise restricted through the provisions of Section 19 of the Banking Regulation Act, 1949. However, Reserve Bank of India have recently placed some restrictions on the quantum of shares and debentures which should devolve on the banks as a result of their underwriting commitments etc. In accordance with these guidelines, banks are expected to ensure that, in any year, a particular bank's holdings of shares and

debentures by way of development, as a result of underwriting commitments, do not increase by more than 1.5% of their incremental deposits in the previous year. Scheduled Commercial Banks have also been advised that their investments or underwriting operations are so managed that their aggregate amount of Bonds of public sector undertakings which are added to the investment portfolio in any fiscal year do not exceed at the end of that year 1.5% of the banks' incremental deposits of the previous year. In so far as the bonds already devolved during the year 1986-87 are concerned, the banks have been advised that they should ensure that the public sector bonds held by them either by way of investment or underwriting obligation during the end of the fiscal year 1986-87 are reduced to 15 to 20% of the original holdings through secondary market over a 10 months' period from June, 1987.

Reserve Bank of India has also issued instructions laying down guidelines in the matter of grant of loans to borrowers against security of shares and debentures.

The matter relating to the role of banks in the development of capital market is reviewed by Reserve Bank of India from time to time in the light of emerging situation and further measures taken as may be necessary consistent with overall banking and monetary policy.

(c) and (d). State Bank of India has reported that it is at present conducting Over the Counter (OTC) sales and purchase of selected public sector bonds at its Bombay and New Delhi main branches. State Bank of

India has further reported that similar OTCs sales and purchases of selected public sector bonds have started from its Madras and Calcutta main branches from 17th August, 1987.

Financial Assistance for Completion for Calicut Project

3692. DR. K. G. ADIYODI: Will the PRIME MINISTER be pleased to state:

(a) whether a memorandum submitted by the Calicut Planetarium Society for financial assistance for completion of the Calicut project is pending with Government;

(b) if so, the amount requested for alongwith the details of the project and the time schedule for completion; and

(c) the steps being taken by Government to assist the Society alongwith the time schedule?

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES IN THE MINISTRY OF DEFENCE (SHRI SHIVRAJ V. PATIL:

(a) to (c). The memorandum submitted by the Calicut Planetarium Society for partial financial assistance for completion of the Calicut project has been examined by the Government. However, due to financial constraints, it has not been possible to provide any financial assistance to the Society.

SBI Capital Market Ltd.

3693. DR. K. G. ADIYODI: Will the Minister of FINANCE be pleased to state:

(a) the functions of the State Bank of India Capital Market Ltd. ; and

(b) the number of new ventures whose public issues were brought either partially or completely by the Capital Market Ltd. during the last one year;

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) Reserve Bank of

India has reported that the State Bank of India Capital Market Ltd. is established with the following 'broad objectives':

- (i) To carry on the business of merchant banking in all its aspects, to act as managers to issues and offers of shares/debentures, bonds and other securities, to act as financial consultants, advisors and counsellors in investment and capital markets to underwrite or issue guarantees or undertake the work of factoring of bills etc.
- (ii) To act as administrators or managers of any investment trusts or funds including any mutual funds, growth funds, income or capital funds, etc.
- (iii) To set up, provide and/or participate in providing venture capital, technology funds or any other funds for seed capital, risk capital foundations funds including giving guarantees or such other financial assistance as may be conducive for development of new enterprises.
- (iv) To give advice on or to offer, give, take, accept or implement any take-over bids, mergers, amalgamations, diversification of any business concern, company by acquisition of shares and to promote or setting up of concerns for engaging in any industrial, commercial or business activities.
- (v) To carry on or undertake the business of equipment leasing or all other operations incidental to it. To engage in activities which are incidental to it. To engage in activities which are incidental or ancillary to or which subserve the attainment of the main objects.

(b) State Bank of India has reported that the number of new ventures whose public issues were bought either partially or completely by the SBI Capital Market Ltd. during the last one year is Four.