

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

STARRED QUESTION NO:180
ANSWERED ON:29.11.2002
PUBLIC ISSUE OF PRIVATE BANKS
ALE NARENDRA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the SEBI has exempted public and private sector banks from fulfilling eligibility norms in order to come out with public issues;
- (b) if so, the reasons therefor;
- (c) whether there is any proposal to review the above decision of the SEBI;
- (d) if so, the time by which it is likely to be reviewed;
- (e) the recommendations made by J.R. Verma Committee for risk containment measures for derivative tradings;
- (f) whether these recommendations have been accepted by SEBI and are being implemented; and
- (g) if not, the reasons therefor?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) to (g) A statement is placed on the Table of the House.

Statement referred to in the reply to Lok Sabha Starred Question No. 180 regarding Public Issue of Private Banks by Shri A. Narendra for answer on 29th November 2002

- (a) Yes, Sir. In April 1996, the Securities and Exchange Board of India (SEBI) had issued guidelines for companies planning to bring out public issues. In July 1996, SEBI exempted public and private sector banks from fulfilling eligibility norms for public issues.
- (b) The Reserve Bank of India (RBI) suggested exemption of newly setup private sector banks and public sector banks from the operation of SEBI's guidelines, as commercial banks in the private and public sector are subject to the regulatory powers of RBI and the Government.
- (c) No, Sir.
- (d) Does not arise in view of (c) above.
- (e) The main recommendations of the J.R. Varma Committee for Risk Containment Measures for Stock Index Futures Markets include, inter alia, the methodology for initial market computation, and prescribe margin collection in cash, liquid networth and exposure limits and position limits.
- (f) The recommendations of the Committee were accepted by the SEBI Board at its meeting on 19th March 1999 and enforced with effect from 28th July 1999.
- (g) Does not arise in view of (f) above.