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Title: Statement laid regarding status of implementation of recommendations in 43<sup>rd</sup> and 45<sup>th</sup> Reports of Standing Committee on Finance, relating to the Departments of Economic Affairs, Expenditure and Disinvestment, pertaining to the Ministry of Finance.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, I deem it my privilege to lay the statement on the status of implementation of recommendations contained in the 43<sup>rd</sup> and 45<sup>th</sup> Report of Department of Economic Affairs, Expenditure and Disinvestment of the Standing Committee on Finance (14<sup>th</sup> Lok Sabha) in pursuance of Direction 73-A of the Hon'ble Speaker, Lok Sabha *vide* Lok Sabha Bulletin, Part II dated 1<sup>st</sup> September 2004.

The 43<sup>rd</sup> Report of the Standing Committee on Finance (14<sup>th</sup> Lok Sabha) was presented in the Lok Sabha on 28<sup>th</sup> November, 2006. It relates to "Efficacy of Reform Process in the Capital Market – Recent IPO Scam". In the Report, the Committee deliberated on various issues and made thirty-six (36) recommendations, where action is called for on the part of the Government. These recommendations mainly pertain to the issues like Modus Operandi of the Scam, Extent of Scam & Benefits to "Scamsters", Major Findings of SEBI, Role of Karvy Group of Companies, Findings of RBI regarding involvement of Banks, Role of depositories, Corrective Action Taken by Ministry of Finance, SEBI and Depositories and suggestions for improvement.

Action Taken Statements on the recommendations/observations contained in the Report had been sent to the Standing Committee on Finance on 7<sup>th</sup> March, 2007. Present status of implementation of the recommendations made by the Committee in the 43<sup>rd</sup> Report is indicated in Annex-A.

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\* Laid on the Table and also placed in Library. See No. LT 6715/2007

The 45<sup>th</sup> Report of the Standing Committee on Finance (14<sup>th</sup> Lok Sabha) was presented in the Lok Sabha on 14<sup>th</sup> December, 2006. It relates to the Demands for Grants (2006-2007) of the Ministry of Finance (Department of Economic Affairs, Expenditure & Disinvestment). In the Report, the Committee deliberated on various issues and made 10 recommendations where action is called for on the part of the Government. These recommendations mainly pertain to issues like Flow of Credit to Agriculture Sector, Failure on part of the private sector Banks in adhering to the target of ensuring 18% of the net credit flow to the agriculture sector, Rural Infrastructure Development Fund (RIDF), Scheme of subvention being provided to the Public Sector Banks and RRBs, NABARD, Interest Chargeable on micro-credit, Declining Profits of Public Sector General Insurance Companies. Set of efficiency parameters for monitoring the performance of the public sector general insurance companies and statement of intent of annual goals, White-paper on Disinvestment of CPSEs before Parliament, Appointment of CEO of National Investment Fund.

Action Taken Statements on the recommendations/observations contained in the Report were furnished to the Standing Committee on Finance on 16<sup>th</sup> March and 9<sup>th</sup> April, 2007. Present status of implementation of the recommendations made by the Committee in the 45<sup>th</sup> Report is indicated in Annexe-B.

I would not like to take the valuable time of the House to read out the contents of the Annexes. I would request that this may be taken as read.

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**12.14 hrs.**

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