

(c) whether due to investors lure for attractive returns in equity shares Government are deprived of their investment in nationalised banks and nonconvertible debentures ; and

(d) if so, steps taken by Government to discourage investors to invest money in equity shares and also to divert their investment to government owned financial institutions ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) Inadequate availability of floating stock in the stock market is one of the factors for the rise in the prices of equity shares.

(b) Various measures have been taken by the Government directly or indirectly, and by several other agencies, in this regard. These include, amongst others, encouraging new issues, increasing the floating stock by institutional disinvestment and imposition of margins by the Stock Exchange.

(c) It is not correct to say that attractive returns on equity shares have deprived nationalised banks of their deposits. Aggregate deposits of scheduled commercial banks have increased from Rs. 60596 crores as on the last Friday of March 1984 to Rs. 72115 crores as on the last Friday of March 1985. As regards 1985-86, these deposits have further increased by Rs. 4021 crores, indicating a growth rate of 5.6%, upto 5th July, 1985. Similarly, approvals granted by the Controller of Capital Issues under the Capital Issues (Control) Act, 1947 for raising non-convertible debentures by companies have more than doubled from Rs. 187.82 crores for April-July 1984 to Rs. 410.97 crores for April-July 1985.

(d) In view of Answer to (c) above, the Question does not arise.

Trading in Equity Shares

4929. SHRI VIRDHI CHANDER JAIN: Will the Minister of FINANCE be pleased to state :

(a) whether thousands of equity shares are traded every day without any obligation to give or take delivery under the existing arrangements for "fortnightly settlement; and

(b) if so, effective measures propose to be taken by Government to plug the loopholes in public interest ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (b) The Bye-laws of major Stock Exchanges at Bombay, Delhi Calcutta, Ahmedabad and Madras contain provisions according to which in the case of such shares as may be designated by the Governing Board as specified shares, delivery and payment may be extended or postponed by the Governing Board by further periods of 14 days each so that the overall period does not exceed 20 days from the date of the contract. Trading in such specified shares is subject to various regulatory measures such as imposition of different types of margins, etc. with a view to ensuring smooth settlement of transactions.

Ban in Speculative Trading

4930. SHRI VIRDHI CHANDER JAIN: Will the Minister of FINANCE be pleased to state:

(a) whether the speculative trading was prohibited in 1969 but the ban is being circumvented; and

(b) if so, how the authorities are going to enforce it strictly ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) In 1969, the Government issued a notification under Section 16(1) of the Securities Contracts (Regulation) Act, banning trading in securities for "the clearing". However, the Government is empowered under Bye-law 59 of the Bye-laws of Stock Exchanges to permit extension or postponement of the period for the performance of contracts in respect of non-cleared securities beyond 21 days. Accordingly, in 1983 Government have permitted the major Stock Ex-

changes to extend or postpone the period for the performance of contracts entered into in non cleared securities i. e. hand delivery contracts in specified shares by a period of four or five settlement periods of 14 days each, subject to the total period not exceeding 90 days from the date of the contract.

(b) Trading in securities in the Stock Exchanges is governed by the bye-laws and regulations of Stock Exchanges. Various regulatory measures under the bye-laws and regulations such as imposition of different kinds of margins, restrictions on the outstanding business position of members of Stock Exchanges etc., have been taken by the Stock Exchanges on their own and at the instance of the Government with a view to ensuring smooth settlements of transactions in securities. Government are keeping a constant watch on the functioning of Stock Exchanges.

Indo-Nepali Trade and Transit Treaties

4931. SHRI BRAJA MOHAN MOHANTY : Will the Minister of COMMERCE be pleased to state :

(a) whether Government have come across the statement of Foreign Minister of Nepal appearing in the 'Mindustan Times' of 16 July, 1985 wherein he has alleged that Indo-Nepali trade and transit treaties are unequal treaties;

(b) whether any irritants regarding the implementation of the said treaties have been brought to the notice of the Union Government;

(c) if so, the details thereof; and

(d) the reaction of the Union Government as to the comments of Foreign Minister of Nepal ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. A. SANGMA) : (a) Yes Sir,

(b) and (c). The working of Indo-Nepal Treaties of Trade and transit are reviewed every year jointly by representatives of the two Governments in the Indo-

Nepal Inter-Governmental Committee Comprising of senior officers. Operational and logistical problems if any, are discussed in such meetings and attempt made to evolve mutually satisfactory solutions.

(d) Government regard the reported statement of the Nepales Foreign Minister as unfortunate, neither reflecting the traditionally good relations between the two countries nor contributing to the further improvement of these relations. Government have emphatically conveyed its views on the reported interview to the Nepales authorities both in New Delhi and Kathmandu.

Unprecedented Boom in Share Prices

4932. SHRI BRAJA MOHAN MOHANTY : Will the Minister of FINANCE be pleased to state :

(a) whether Government are aware of unprecedented boom in share prices recently reflected in share market and if so, the reasons thereof;

(b) whether Government have made any in depth study of its impact in the economy;

(c) whether on account of new economic liberalisation policy, surplus funds generated expected to be invested in new industrial ventures is being diverted to be dump in the existing industries and thereby the objective of the industrial expansion is being frustrated;

(d) whether Government have observed that now-a-days much of the transactions in share market are very much speculative in nature and by-passing the forward trading restrictions; and

(e) if so, the reaction of Government,

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) There has been in the recent past a considerable increase in the prices of shares of various companies listed on Stock Exchanges. The Reserve Bank of India Index Number of Prices of Ordinary Shares (1970-71 = 100) increased from 219.4 for the week