

RBI has reported that bulk of the bank credit is given for meeting Working Capital requirements on 'roll-over' basis. Repayment of such advances does not take place, as it would, in respect of term loans. However, Irregularities in the Working Capital outstandings (both in the interest and principal portion) are at times funded as working capital term loans as part of the rehabilitation of sick industrial units considered viable and are replayable over a period of time.

Monitoring of Capital marketing by financial Institutions Question

2918. SHRI RAMESHWAR PRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to give autonomy to the financial institutions alongwith entrusting the responsibility of monitoring the capital market;

(b) whether Government have reviewed the activities of financial institutions in the capital market in the past;

(c) if not, the time by which such a review is proposed to be made; and

(d) the manner in which Government propose to ensure that the financial institutions discharge their responsibilities regarding monitoring of capital market properly?

THE MINISTER OF FINANCE (PROF. MADHU DANAVATE): (a) to (d). Government is firmly committed to the healthy development of capital markets, and to strengthen the role of public financial institutions. The institutions will be given functional autonomy. However they must also be accountable for their actions. The institutions will not be party to corporate battles and clandestine takeovers. The government would like to create an atmosphere and a

culture where financial institutions can function objectively without fear or favour.

There has been some concern about the role of financial institutions in relation to their intervention in the capital market. Institutions have been asked to frame suitable guidelines so that their actions are not only objective but seen to be so. Each financial institution is expected to operate in the interest of its depositors and investors consistent with national priorities. There may be occasions when there is an abnormal and persistent upward or downward movement in share prices because of concerted bull or bear pressures. In such situations, the financial institution will play a stabilising role in the capital market.

Financial assistance to sick units

2919. DR. LAXMINARAYAN PANDEY: Will the Minister of FINANCE be pleased to state:

(a) the number of large and small scale sick industries at the end of December, 1988;

(b) the total amount of loans advanced to them;

(c) the number of viable units among these sick units and the number of those units which are unable to repay even the amount of loan advanced to them; and

(d) whether a proposal to provide financial assistance to these viable units is under the consideration of Government; if so, the details there-of including the amount financed to them during the year, 1988?

THE MINISTER OF FINANCE (PROF. MADHU DANAVATE): (a) and (b). According to the data furnished by RBI the number of Sick/Weak Units and their outstanding bank credit as at end December, 1987 (latest available) are as under: