

*[English]***Link Road Between N.H. NOS. 42 and 5.**

509. SHRI K.P. SINGH DEO: Will the MINISTER OF SURFACE TRASPOT be pleased to state:-

(a) whether the Government have any proposal to provide funds from the Central Road Fund to construct a link road between National Highway No.42 from Dehenkanal and National Highway No. 5 at Keon- jhar- garh in Orissa;

(b) if so, the estimated cost of the project; and

(c) the time by which the funds are likely to be provided?

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER): (a) No, Sir. There has been no request from the State Government of Orissa for financing the head pregectin guestion under the Central Road Fund so far.

(b) and (c). Do not arise.

*[Translation]***Telephone Facilities In Air -Condi- tioned Buses**

510. SHRI BRIJBHUSHAN SHARAN SINGH:
SHRI RAJENDRA AG- NIHOTRI:
SHRI SATYA DEO SINGH:

Will the MINISTER OF SURFACE TRANSPORT be pleased to state:

(a) whether Government propose to provide telephone facilities on experimental

basis in air- conditioned buses in Delhi;

(b) if so, the names of the routes on which the aforesaid bus service is likely to be introduced;

(c) the details of the proposal in this regard; and.

(d) the time by which it is likely to be provided?

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER): (a) There is no such proposal under the consideration of the Government.

(b) to (d). Do not arise.

RBI Guidelines to Banks

511. SHRI RABIRAY:
SHRI HANNAN MOLLAH:
DR. A. K. PATEL:
SHRI RUPCHAND PAL:
SHRI LAL. K. ADVANI:
SHRI VILAS MUTTEMWAR:

Will the MINISTER OF FINANCE be pleased to state:

(a) the details of the guidelines issued by the Reserve Bank of India from 1986 to May 1992 for granting advances against corporate shares and debentures and in regard to 'badla' transactions;

(b) whether RBI had reviewed the implementation of the above guidelines;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH):(a) to (d). Reserve Bank of India

(RBI) have reported that on the basis of a comprehensive review, a set of guidelines relating to advances against shares/debentures was issued by the RBI in October, 1986. These guidelines were reviewed and amended in June, 1987, November, 1987, January, 1988, March, 1988 and October, 1991. The salient features of these guidelines as amended from time to time are given in the attached statement.

RBI have further reported that the implementation of these guidelines is monitored during the course of regular inspection of banks as also through quarterly returns obtained from banks. Follow up action on irregularities/ deficiencies noticed is pursued by RBI with the concerned banks.

STATEMENT

1. Banks were required to take into account, the nature purpose and need for the advances ensuring that Bank Finance was not utilised for speculative purpose. Emphasis was made on what the advances were for, rather than they were against.
2. Normal pre- sanction appraisal and post sanction follow-up was to be done by the Bank.
3. Advances against shares were required to be kept distinct and not to be combined with any other advances.
4. Adequate margins on the basis of prevailing market prices of shares required to be maintained.
5. Banks were required to ensure that advances against large blocks of shares by a borrower or group of borrowers are not utilised for acquiring controlling interest in a company or to facilitate or retain inter- corporate investments.
6. Banks were required to ensure that there were no multiple borrowing against shares/ debentures by the same borrower/group.
7. Except in the case of share brokers, where the advances against shares exceed Rs. 3 lakhs, Banks were required to get the shares transferred in their names. Voting rights in respect of shares so transferred were to be exercised only with Reserve Bank of India's prior approval.
8. Advances against shares exceeding Rs. 5 lakhs were to be sanctioned only by Boards/Committee of Directors.
9. Banks were instructed not to be parties to extending credit by the Overseas Branches to clients of Indian Nationality/Origin.
10. Corporate Borrowers were not eligible for advances against the primary security of shares.
11. Individuals were eligible for advances against shares not exceeding Rs. 5 lakhs for meeting contingencies and needs of personal nature for subscribing to the new issues of shares and also purchase of shares in the secondary market.
12. In the case of investment companies, total outside liabilities including advances against shares/ debentures should not exceed 10 times of their owned funds. Advances against Shares/ debentures to finance companies for not more than 9 months could be

sanctioned for covering the gap between resources currently available and existing and proposed investments in shares/debentures.

13. In the case of share brokers, reasonable overdraft facilities could be sanctioned against the security of shares/debentures after careful assessment of the requirements, operations on the brokers account and on behalf of clients and the extent to which the brokers' funds were required to be involved in his business operations.
14. Advances against shares/debentures could be made available to trusts and endowments not exceeding Rs.5 lakhs for periods not exceeding nine months for fresh investments/subscriptions to right issues.
15. Banks should ensure that effective 9th October 1991. There was no increase in credit outstanding to individual against shares/debentures/bonds.
16. Banks could provide finance to employees for acquiring shares of their own companies.

Floor Price of Rubber

512. SHRI P.C. THOMAS:
SHRI RAMESH CHENNI-
THALA:

Will the MINISTER OF COMMERCE be pleased to state:

(a) whether the recommendations of the cost study regarding fixation of floor price of rubber carried out recently have been examined by the Government;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the time by which the floor price of rubber is proposed to be fixed?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI SALMAN KAURSHEED): (a) to (d). The recommendations of the cost study regarding fixation of Bench Mark Price of natural rubber carried out recently by the Cost Accounts Branch of the Ministry of Finance has been examined and the same is awaiting consideration by the competent authority.

Appointment of High Court Judges from other States.

513. SHRI N. DENNIS: Will the MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government propose to enforce the principle of appointment of one half of Judges of High Court belonging to other States; and

(b) if so, the details of Judges serving in High Courts who do not belong to the same State, High Court-wise?

THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H.R. BHARDWAJ): (a) The Government have accepted as a policy, recommendations of the Law Commission, in its 80th Report, that there should be a convention according to which 1/3rd of Judges in each High Court should be from any other State. The Government decided that this may be implemented either by making initial appointments from outside or by effecting transfers. A beginning in this direction has been made by adopting the policy