

(b) if so, the countries where this is in operation, since when and the outcome thereof?

THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI) : (a) and (b). A fund by the name of/called India Fund has already been launched abroad by the Unit Trust of India and Merrill Lynch Capital Markets in July, 1986. This fund has been established to enable non-resident Indians and other persons resident outside India to invest in the securities markets of India. The shares of the Fund are listed on the London Stock Exchange. The total subscription to the Fund net of expenses amounted to 74.60 million Pounds, and this was remitted to India by the end of August 1986. The UTI has received the said amount in Rupees, i.e. Rs. 139.48 crores, of which the bulk has already been invested in securities in India.

Genetic Engineering and Biotechnology

526. SHRI C. MADHAV REDDY: Will the PRIME MINISTER be pleased to state:

(a) whether any work is being done in genetic engineering and biotechnology in India; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K.R. NARAYANAN) : (a) Yes, Sir.

(b) Basic as well as applied research and developmental work is being done by various institutions in the country in many fields like isolation and purification of biologically important molecules (such as proteins and nucleic acids), regulation of gene-expression at molecular level (example: Biological Nitrogen Fixation), Genes for stress tolerance, silk protein, plasminogen activator, Molecular biology, studies on genetic engineering aspect for

production of ethanol, Immunodiagnostic kits and vaccines; propagation through tissue culture (example: bamboo: Coconut etc.) Cattle-breed-improvement employing Embryo Transfer Technology biological agents for control of vector borne diseases.

Guidelines on Issue of Debentures

527. SHRIMATI PATEL RAMABEN RAMJIBHAI MAVANI: Will the Minister of FINANCE be pleased to state:

(a) whether in the year 1984 as per the guidelines for issue of debentures there was a provision that non-convertible debentures and non-convertible portion of convertible debentures can be converted into equity capital with the permission of Government;

(b) whether any rules were made or whether any norms were fixed for allowing or dis-allowing the application for conversion of debentures, if so, the details of the rules or guidelines in this regard; and

(c) whether the provision of allowing conversion of non-convertible debentures is still in force, if not when was it changed and under what circumstances it was changed?

THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): (a) Yes, Sir.

(b) A copy of the guidelines issued in September, 1984 for issue of debentures is given in the Statement given below.

(c) The provision of allowing conversion of non-convertible debentures is effectively not in force, because a decision was taken on 10th June, 1986 that such conversion should not be permitted. The above decision was taken in view of the substantial amount of speculation which was reported based largely on the expectation that at some future date such conversion would be permitted.

STATEMENT

Guidelines for Issue of Debentures by Public Limited Companies

These guidelines are issued in supersession of the guidelines issued by Government on 17th April, 1982.

1. *Applicability*

The guidelines will apply to issue of secured convertible as well as non-convertible debentures by public limited companies and public sector companies.

2. *Objects of Issue*

The objects of the issue can be one or more of the following:

- i) Setting up of new projects;
- ii) Expansion or diversification of existing projects;
- iii) Normal capital expenditure for modernization;
- iv) Merger/amalgamation of companies in pursuance of schemes approved by Banks/financial institutions and/or any legal authority;
- v) Restructuring of capital as approved by banks/financial institutions and/or any other legal authority;
- vi) Acquisition of assets in accordance with legal provision and /or MRTP Act; and
- vii) To augment long term resources of the company for working capital requirement.

3. *Quantum of Issue*

The amount of issue of debentures in the case of working capital requirements shall not exceed 20 per cent of the gross current assets, loans and advances. The amount of issue of debentures for project financing and other objects will be considered on the basis of the approvals of the scheme of finance by the financial institutions/Banks/Government under the provisions of the M.R.T.P. Act, etc.

In case of oversubscription to the issue of debentures mentioned above, the companies may be permitted to retain subscription for non-convertible debentures upto a maximum of 50% over the original issue for which consent was originally obtained from the Controller of Capital Issues subject to the other conditions being fulfilled.

4. *Debt-Equity Ratio:*

The debt-equity ratio shall not normally exceed 2:1 For this purpose:

'Debt' will mean all term loans, debentures and bonds with an initial maturity period of five years or more, including interest accrued thereon. It also includes all deferred payment liabilities but it does not include short term bank borrowings and advances, unsecured deposits or loans from the public shareholders and employees and unsecured loans or deposits from others. It should also include the proposed debenture issue.

'Equity' will mean paid up share capital including preference Capital and free reserves.

Note: 1. The computations under guidelines 3 and 4 mentioned above will be based on the latest available audited Balance Sheet of the company.

2. a relaxation in the norm of debt-equity ratio of 2:1 will be considered favourably for capital intensive projects such as fertilizers, petrochemicals, cement, paper, shipping, etc.

5. *Interest Rate:*

In the case of convertible debentures the rate of interest shall not exceed 13.5 per cent per annum. In the case of non-convertible debentures the rate of interest shall not exceed 15 per cent per annum.

6. *Period of Redemption:*

Debentures shall not normally be redeemable before the expiry of the period of 7 years except in the following cases:

- i) A company will have the option of redeeming the debentures from the 5th to the 9th year from the date of issue in such a way that the average period of redemption continues to be 7 years. While exercising such an option the small investors having debentures of the face value not exceeding Rs. 5000/- will have to be paid in one instalment only.
- ii) In case of non-convertible debentures or non-convertible portion of convertible debentures a company may have the option of getting the debentures converted into equity fully with the approval of and at such price as may be determined by the Controller of Capital Issues. The debenture holders will, however, be free not to exercise this right.

7. *Price at the time of Redemption :*

A premium upto 5% of the face value can be allowed at the time of redemption in the case of non-convertible debentures only.

8. *Denomination of Debentures:*

The face value of the debentures will ordinarily be Rs. 100/- each.

9. *Listing of Debentures:*

The debentures shall normally be listed on the Stock Exchanges except in the following situations:

- i) Companies may make private placement of non-convertible debentures with banks/financial institutions and such agencies (e.g. Army Group Insurance Scheme) as are approved by C.C.I.
- ii) Companies may make private placement on non-convertible debentures with corporate bodies and individuals with the approval of C C I.

10. *Security of Debentures:*

Only secured debentures will be permitted for issue to the public.

11. *Underwriting of Debentures:*

The issue of debentures shall be underwritten. A relaxation may be permitted in this regard if the Controller of Capital Issues is otherwise satisfied that the issue need not be underwritten.

12. *Listing of Shares of Companies Proposing Debenture Issue:*

- i) The shares of the company proposing to issue debentures must be listed in one or more Stock Exchanges and the market quotation of its shares must have been at or above par value during 6 months prior to the date of application for the issue of debentures.
- ii) Simultaneous listing of shares and debentures of companies will also be permitted.
- iii) The provision regarding listing of shares will not apply to public sector companies provided (a) the fair value of the shares of such companies is equal or more than the par value and (b) such companies have declared dividend in the year immediately preceding the year of proposed issue.

13. *Linking of Share Issue with Debenture Issue:*

Lined issue of shares and debentures may be permitted only in cases where the interest rate offered in respect of non-convertible debentures is not more than the maximum rate prescribed for the convertible debentures. Simultaneous issue of equity and convertible/non-convertible debentures may be permitted provided the investors are free to subscribe to either shares or debentures or both at their option.

14. *EXTRA INCENTIVES:*

Schemes which aim at providing an interest rate exceeding 13.5% but which have built-in features of the convertible debenture issue will not be permitted.

Provision of non-financial incentives which result in restricting the access to a company's products by the general public

or which have other undesirable features, will not be permitted.

New Delhi

Date : 15th September, 1984.

Technology for Gallium Extraction

528. SHRI P.M. SAYEED: Will the PRIME MINISTER be pleased to state:

(a) whether the Council for Scientific and Industrial Research has reported that indigenous technology to extract critical electronic material namely "Gallium" has been developed;

(b) if so, the details of the report;

(c) the follow up action taken or being taken in this regard;

(d) the practical utility of gallium for defence as well as peaceful purposes; and

(e) the need and demand of the material in the country and the estimated quantum which is likely to be extracted through the latest technology developed?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K.R. NARAYANAN) : (a) and (b). The Central Electro-Chemical Research Institute (CECRI), Karaikudi a laboratory of the Council of Scientific and Industrial Research, had developed in 1977 a Laboratory scale process for the recovery of Gallium metal from the spent Bayer liquor of Aluminium smelters. Based on this process, a pilot plant has been set up at the Plant of the Madras Aluminium Company (MALCO) at Meltur Dam, Tamil Nadu, under a programme jointly configured, financed and promoted by National Research Development Corporation and MALCO. National Research Development Corporation is a public sector company of the department of Scientific and Industrial research, which

promotes the development, up-scaling, commercialisation and licensing of indigenous technologies. The pilot plant which started operating in April, 1986 has now reached the stage when it can produce Gallium Metal of better than 99.9% purity. A Press Release issued by National Research Development Corporation on this important project is given in the statement below.

(c) National Research Development Corporation is considering, alongwith other agencies involved in the project, steps to expand the capacity of the plant at MALCO so as meet the emerging domestic and foreign demand.

(d) Gallium is the basic raw material for making Lasers and other Opto-Electronic devices, High Speed Computer Memory Devices as also a whole range of Microwave Semiconductor devices used in the Defence, Telecommunications and Space Programmes.

(e) The demand profile for Gallium in the country is being mapped. The quantum likely to be extracted at MALCO's Aluminium Smelter Plant when run at full capacity is estimated to be around 400 Kg. per annum.

STATEMENT

NRDC Promotes Breakthrough in Gallium

The country has achieved a breakthrough in a critical electronic material, Gallium through an indigenous technology development effort undertaken over the last 5 years. A pilot plant for extraction of Gallium from the Bayer's liquor of the Aluminium Plant of Madras Aluminium Company (MALCO) in Tamil Nadu has been set up by MALCO, under a jointly financed programme with NRDC.

The pilot plant is based on a process developed painstakingly by the Central electrochemical Research Institute (CECRI) of CSIR over a number of years, while the engineering, erection and commissioning has been done by MALCO