

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7732
ANSWERED ON:17.05.2002
RESIDENTIAL ACCOMMODATION HIRED BY SEBI
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of FINANCE be pleased to state:

- (a) whether the Securities and Exchange Board of India Mumbai hired expensive office space without following normal procedures resulting in blocking of deposit amount of Rs.65 crores for over four years after expiry of lease agreement and consequent loss of interest amounting to Rs. 8.17 crores;
- (b) if so, whether SEBI also hired residential accommodation in violation of proper procedure resulting in a loss of Rs. 3.66 crores on account of interest by blocking deposits Rs. 8.00 crores upto February, 2001 and Rs. 7.45 crores upto July, 2001; and
- (c) if so, the corrective measures taken by the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

- (a) According to the Securities and Exchange Board of India (SEBI), it acquired the premises following the existing practice in the organisation. The said premises are being used by SEBI for its office without payment of rent since 1997. If the premises are vacated by SEBI, they would have to take alternate premises and would be required to pay security deposit and rent.
- (b) SEBI has intimated that if flats are not taken on rent then SEBI would have to buy the flats at a much higher cost. Therefore, whether the premises are taken on rent or ownership basis, there would be interest cost on capital. Two of the premises mentioned by statutory auditors have been vacated by SEBI and deposit of Rs.3.80 crores has since been refunded to SEBI by the lessors.
- (c) SEBI has issued guidelines for acquisition of premises. The same are being followed since 28.7.1998.