

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:685  
ANSWERED ON:03.12.2004  
INVESTMENT IN CAPITAL MARKETS  
Gadhavi Shri Pushpdan Shambhudan

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Prime Minister has recently directed to revive the capital market and wanted the people to invest in stock market rather than depositing in Banks;
- (b) if so, whether National Securities Depository Limited and SEBI are following this policy for expanding the activities in stock market by reducing the unwarranted and unnecessary expense of the investor for holding of their portfolios; and
- (c) if so, the details thereof?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (c) : The National Common Minimum Programme highlights the commitment of the Government to the orderly development and functioning of the capital markets that reflect the true fundamentals of the economy.

The Securities and Exchange Board of India and National Securities Depository Ltd. (NSDL) continuously try and minimize the cost to investors of holding their portfolio. Although tariff charges of the Depositories is a commercial issue, SEBI had advised NSDL to review the fee and the charges' structure.

NSDL has been following the policy of reducing its charges with growth in volumes. The settlement fees of Rs. 15 per debit instruction announced in February 2002 was reduced to Rs. 10 per debit instruction w.e.f May 1, 2002 and to Rs. 8 per debit instruction w.e.f January 1, 2004 thereby effecting a reduction of over 45 percent.

Similarly, the custody fee of Re. 0.75 per month (Rs. 9 per annum) for securities held under each International Securities Identification Number (ISIN) announced in February 2002 was reduced to Re. 0.50 per month (Rs. 6 per annum) per ISIN w.e.f October 1, 2002 and further reduced to Re. 0.33 per month (Rs. 4 per annum) per ISIN w.e.f April 1, 2004, thereby effecting a reduction of over 55 percent.