

(a) whether Government are aware of the increasing incidents of drug trafficking in Bihar; and

(b) if so, the effective steps being taken to check this tendency?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIANIL SHASTRI): (a) and (b). Information available with the Narcotics Control Bureau relating to the quantities of various drugs seized in Bihar do not indicate any increase in incidence of drug trafficking in that State. However, in view of its proximity to Nepal, Bihar is vulnerable to trafficking of drugs, particularly, hashish and ganja. Our enforcement agencies remain alert to prevent drug trafficking. A zonal office of the Narcotics Control Bureau has also been set up at Varanasi, covering Bihar among other States, to monitor the drug trafficking situation in the area and to coordinate with the concerned State enforcement agencies for appropriate action.

[English]

Task Force for Distribution of Iron and Steel

10519. SHRI K.S. RAO: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether the task-force appointed by Government to review the guidelines and suggest modifications for distribution of iron and steel has submitted its report;

(b) if so, what are its recommendations; and

(c) the steps proposed to be taken by Government to implement these recommendations?

THE MINISTER OF STEEL AND MINES AND MINISTER OF LAW AND JUSTICE (SHRI DINESH GOSWAMI): (a) to (c). The

Task Force in its report submitted to Government sought to address certain important issues such as priority classification, compact group, basis for fixation of entitlement, mode of supplies to the small scale sector, new and sick units etc., and has given recommendations on some of them. The Report is under examination.

Guidelines for Merchant Bankers

10520. SHRI K.S. RAO: Will the Minister of FINANCE be pleased to state:

(a) whether the Securities and Exchange Board of India has recently issued guidelines for the merchant bankers;

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

(c) whether the small merchant bankers have expressed their resentment over the stipulations envisaged in the guidelines;

(d) if so, the details thereof; and

(e) the steps contemplated to allay the fears of the small merchant bankers?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIANIL SHASTRI): (a) The Government have issued the guidelines for merchant bankers on 9th April, 1990.

(b) A copy of the guidelines is given below.

(c) The guidelines have, by and large been well received. It is possible that some merchant bankers may have reservations about some aspects of the guidelines which would regulate their activities. However, SEBI have reported that so far no small merchant banker has expressed specially in writing or verbally any resentment to them over the stipulation envisaged in the guidelines.

though some newspapers have reported about them.

(d) and (e). The question does not arise.

STATEMENT

Guidelines for Merchant Bankers

1. *Authorisation*

Any person or body proposing to engage in the business of merchant banking would need authorisation by the Securities and Exchange Board of India (SEBI) in their prescribed format. This will also apply to those presently engaged in merchant banking activity, including as Managers, Consultants or Advisers to issue.

2. *Authorised Activities*

- a) Issue management, which will inter-alia consist of preparation of prospectus and other information relating to the issue, determining financing structure, tie-up of financiers and final allotment and/or refund of the subscription.
- b) Corporate adviser services relating to the issue.
- c) Underwriting
- d) Portfolio management services.
- e) Managers, Consultants or Advisers in the Issue.

3. *Authorisation Criteria*

All merchant bankers are expected to perform with high standards of integrity and fairness in all their dealings. A code of conduct for merchant bankers will be prescribed by SEBI. Within this context SEBI's authori-

sation criteria would take into account mainly the following:—

- a) Professional competence.
- b) Personnel, their adequacy and quality, and other infrastructure.
- c) Capital adequacy.
- d) Past tract record, experience, general, reputation and fairness in all their transactions.

4. *Terms of Authorisation*

- a) All merchant bankers, including the existing one must obtain the authorisation from SEBI within three months from the issue of these guidelines, SEBI may extend this period at its discretion by a maximum of three more months.
- b) All merchant bankers must have a minimum net worth of Rs. one crore.
- c) The authorisation will be for an initial period of three years.
- d) SEBI may collect from the merchant bankers an initial authorisation fee, an annual fee and a renewal fee.
- e) All issues should be managed by at least one authorised merchant banker, functioning as the sole manager or the lead manager. Ordinarily, not more than two merchant bankers should be associated as lead managers, advisers and consultants to a public issue. In issues of over Rs. 100 crores, the number could go upto a maximum of four.
- f) The specific responsibilities of each

lead manager must be submitted to SEBI prior to the issue

- g) While Directors, promoters and every person who authorises the issue of prospectus, shall bear full responsibility verifying the contents of the prospectus, merchant bankers shall exercise due diligence independently verifying the contents of the prospectus and reasonableness of the views expressed therein. The merchant bankers of the issue shall certify to this effect to SEBI.
- h) To ensure a direct stake of merchant banker(s) in the issue managed by them, lead managers would be required to accept a minimum 5% underwriting obligation in the issue subject to a ceiling. Details in this regard will be prescribed by SEBI.
- i) Lead managers/merchant bankers would be responsible for ensuring timely refunds and allotment of securities to the investors.
- j) The involvement of merchant bankers in an issue should continue at least till the completion of essential follow-up steps, which must include listing of the instrument, and despatch of certificates, refunds. Even if many of these activities are handled by other intermediaries, merchant bankers shall be responsible for ensuring that these agencies fulfil their functions, and must enable themselves to discharge this responsibility through suitable agreements with the issuer company.
- k) The merchant banker shall make available to SEBI such information,

documents, returns and reports as may be prescribed, and called for

- l) SEBI shall prepare and prescribe a Code of Conduct for merchant bankers which they should adhere to.
- m) SEBI may suspend/cancel the authorisation of merchant bankers for suitable durations in case of violations of the Guidelines. All such cases will be brought to the notice of CCI. Relevant details in this regard would be worked out by SEBI.
- n) Nothing in these guidelines shall exempt the company, its functionaries, or other from any responsibility placed on them by any existing law, regulation, guidelines or conditions imposed with any sanction.

State-wise Contribution in Exports

10521 SHRI CHANDUBHAI DESHMUKH Will the Minister of COMMERCE be pleased to state

(a) whether his Ministry has assessed the contribution of each State and Union Territory in the total exports from India during the last one year,

(b) if so, the details thereof, and

(c) if not, whether any steps have been taken to compile such data to help the States to take suitable measures to increase their share?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI ARANGIL SREEDHARAN): (a) and (b). The State-wise export figure are not compiled