

Reserve Bank to the various banks including State Bank of India on receipt of recommendations from the State Governments and in the light of the above policy. Under the branch licensing policy no quantitative targets State-wise or bank-wise have been fixed by Reserve Bank of India for opening new bank offices.

Loan by LIC to Municipalities/Corporations for executing water supply schemes

3821. SHRI AJAY MUSHRAN : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Life Insurance Corporation grants loan to various Municipalities/Corporations for executing their water supply schemes under the guarantee of the respective State Governments;

(b) the procedure for granting such loans;

(c) the details of loans granted under this procedure to Corporations/Municipalities of Jabalpur District, Madhya Pradesh so far; and

(d) whether Government propose to simplify the procedure by granting lump-

sum loan to the State Governments as per plan allocations and making them responsible for granting loan to the Municipalities/Corporations and recovery thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) Yes, Sir.

(b) to (d) The loan applications for technically and administratively approved schemes of Government received from State Governments or the State-level Board, wherever constituted, are examined by the Life Insurance Corporation of India and justification and financial viability of the Scheme established before sanctioning loans. After execution of agreement by the borrower and Guarantee Deed by the State Government concerned, loans are disbursed in instalments looking to the financial and physical progress of the Scheme in hand subject to the allocations made by the Planning Commission.

In the overall interest of the policy-holders, it is necessary for the LIC to monitor the physical progress of each Scheme to ensure proper utilisation of funds and also matching contributions by the Municipalities, etc. Details of loans granted by the LIC to the Jabalpur Municipal Corporation are as under :

S. No.	Name of the Scheme	Year	Amount (in lakhs)	Remarks
1	2	3	4	5
1.	Water Supply	1965-66	40	
2.	Water Supply Project Phase I	1978-79	265	Released in instalments commencing from 1979-80. Last instalment of Rs. 5 lakhs was released in the current financial year (1985-86)
3.	Water Supply Project Phase II	1985-86 (current year)	270	To be released in suitable instalments. The first

1

2

3

4

5

instalment of Rs. 150 lakhs will be released after completion of necessary formalities by the Municipal Corporation, and the State Government of Madhya Pradesh.

RBI instructions to private financial institutions to regulate deposits.

3822. SHRI SURESH KURUP : Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India has given instructions to the private financial institutions to regulate their deposits; and

(b) the action Government propose to take against those institutions which are not following the guidelines of Reserve Bank of India ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (b) Deposits acceptance activity of non-banking financial companies incorporated under the Companies Act, 1956 is governed by the directions issued by the Reserve Bank of India. These directions seek to regulate the deposit acceptance activities of such companies. Violation of these directions may render them liable for prosecution.

The deposits acceptance activity of individuals, firms and other un-incorporated association of individuals is regulated by the provisions of Chapter-III C of the Reserve Bank of India Act, 1934. In terms of the provisions of the said Chapter, these un-incorporated bodies are prohibited from accepting deposits from more than the number of depositors specified therein. Contravention of the provisions of Chapter-III C of the Reserve Bank of India

Act shall be punishable with imprisonment for a term extending upto two years or with fine as provided in the Act. Reserve Bank of India and the State Governments have concurrent powers to apprehend the persons violating the provisions of Chapter III-C and also to prosecute them as provided in the Act.

Some of these un-incorporated bodies had earlier challenged the constitutional validity of the provisions of Chapter-III C of the Reserve Bank of India Act in the High Court of Delhi. These petitions were dismissed. A number of them have however filed appeals in the Supreme Court and the matter is *sub-judice*.

Amount received from Kerala by way of Customs Duty, Excise Duty, Income Tax etc.

3823. SHRI SURESH KURUP : Will the Minister of FINANCE be pleased to state :

(a) the details of the amounts received from Kerala by the Union Government by way of customs duty, excise duty, income tax etc. during the Sixth Five Year Plan period; and

(b) the details of the amount released to Government of Kerala by the Union Government during the Sixth Five Year Plan period ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) The details of Customs duty, Excise Duty and Income Tax etc. received from Kerala by