

*[English]***CRB Scam**

606. SHRI TARIT BARAN TOPDAR:
 SHRI MULLAPPALLY RAMACHANDRAN:
 SHRIMATI JAYAWANTI NAVINCHANDRA MEHTA:
 SHRI PRAMOD MAHAJAN:
 SHRI BASUDEB ACHARIA:
 PROF. AJIT KUMAR MEHTA:
 SHRI MOHAN RAWALE:
 SHRI MADHUKAR SARPOTDAR:
 SHRI SANAT KUMAR MANDAL:
 SHRI PRAKASH VISHWANATH PRANJPE:
 SHRI A. SAMPATH:
 SHRI SURESH R. JADHAV:
 DR. ASIM BALA:
 SHRI SANTOSH KUMAR GANGWAR:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that CRB Capital Market Ltd. have defrauded investors to the tune of several hundred crores;

(b) if so, the details of irregularities came to the notice of the Government alongwith the extent of involvement of RBI, SEBI, CDDT and some public sector banks in the scam;

(c) the action being taken by the Government in the matter;

(d) whether the matter is under investigation of CBI/ any other agency; and

(e) if so, the time by which investigation is likely to be completed?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) The main activities of CRB Capital Markets Ltd. (CRBCML) were hire purchase, leasing finance and merchant banking. A complaint was received in December, 1996 by Reserve Bank of India (RBI) from Tourism Finance Corporation of India Ltd. regarding default of repayment of deposits by CRB Capital Markets Ltd. Global Trust Bank Ltd. has also reported to RBI in March, 1997 about development of Letter of Credit opened by a group Company. Further, CRBCML fraudulently overdraw its accounts with the State Bank of India, Mumbai Main Branch (MMB) for payment of interest warrants, deposit refunds and brokerage warrants by an amount of over Rs. 58 crores. Keeping in view the findings

of the inspection carried out by RBI between November, 1996 to January, 1997 and the subsequent developments, especially relating to the SBI, the RBI issued prohibitory orders in April, 1997 under section 45MB(1) & (2) directing the company not to accept any further deposits and not to alienate any assets without prior permission of RBI, RBI filed a winding up petition in the Delhi High Court under section 45 MC of the RBI Act on 21.5.1997. A provisional Liquidator has been appointed by Delhi High Court. The Liquidator has initiated action to crystallize the assets and liabilities of the company.

(c) to (e) In view of these developments, the Government has asked the regulators, i.e., RBI and Securities and Exchange Board of India (SEBI) to undertake a thorough internal review of the regulatory actions in regard to these companies to see if there have been any lapses in application of regulations to CRB group of companies or in responding to warning signals, so that these deficiencies can be corrected. Government has also advised the State Bank of India to ascertain whether there was any internal failure to act on early warning signals emanating from the defaults in the payment arrangements with CRB Capital Markets Ltd. At the operative level an inter-departmental group comprising representatives of Central Bureau of Investigation (CBI), RBI, SEBI and the State Government has been constituted to ensure concerted action. RBI has also issued detailed instructions to banks prescribing the procedural safeguards to be taken into account while providing "at par" payment facilities to companies.

The recent amendment to RBI Act inter-alia, include mandatory requirement for registration, minimum net owned funds, compulsory transfer of certain proportion of profits to reserves and empowering the Company Law Board to look into the cases of non repayment of deposits. The regulatory mechanism for non-banking financial companies (NBFCs), thus, stands considerably strengthened. Operationally, the RBI has already initiated action to strengthen the supervisory mechanism in the light of the recommendations of the Khanna Committee. In so far as the criminal investigation and other legal proceedings are concerned, it is not possible at this juncture to fix any definite time frame for their completion.

International Funds for Human Resource Development

607. SHRI T. GOVINDAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government is considering the request from the Government of Kerala with regard to international funding for Human Resource Development, a project to consolidate and strengthen its advantages in the human resources front;

(b) if so, the details thereof; and

(c) the action taken thereon?

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

(b) and (c) The total cost of the project is Rs. 148 crore. The Project seeks to upgrade the skills of the existing workforce in Kerala which would enable Industries in the State to take advantage of the liberalised environment in economy and opportunities offered through access to new technologies and to enable all sub sector of industry in Kerala to utilise human resource potential more effectively.

The project proposal was forwarded to World Bank on 25.6.96 for consideration. The comments of the World Bank were forwarded to Government of Kerala for their response. Further, pursuant to the request of Government of Kerala, the proposal was also posed to ODA on 5.3.97 for external assistance. Further course of action will depend upon the response of Govt. of U.K.

Income Tax Dues

608. DR. MURLI MANOHAR JOSHI: Will the Minister of FINANCE be pleased to state:

(a) the details of the income tax dues from M/s. Aprna Studio-Gurgaon, M/s. Aprna Ashram-New Delhi and Associated Institutions, M/s. Aprna Aviation Pvt. Ltd., New Delhi and M/s. Dhirendra Yoga Publication, New Delhi;

(b) the steps taken to realise the dues; and

(c) the result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Dues outstanding against the following concerns are as under:-

Name of the concern	Income-tax demand outstanding (Rs. in lakhs)
1. M/s. Aparna Studio Pvt. Ltd.	80.21
2. M/s. Aparna Ashram	4655.34
3. M/s. Aparna Aviation Pvt. Ltd.	1.77
*4. Late Swami Dhirendra Brahmachari (Individual)	45.51

*Income from sale of yoga books has been shown in individual return for Assessment Year 1990-91.

(b) and (c) For realising the dues against M/s. Aparna Studio (P) Ltd., studio at Sikra near Gurgaon and property at K-50, Friends Colony, New Delhi, have been attached under Rule 4B of II Schedule of Income-tax Act, 1961. However, further action for sale of these properties has not been taken as one of the directors of the company has contested the attachment.

In regard to M/s. Aparna Ashram, properties belonging to the trust at Muzaffarnagar (U.P.) and Gurgaon (Haryana) have been referred to the Tax Recovery Officer (TRO) for

attachment and sale of the same, TRO, Jammu has also been asked to take recovery action in respect of properties located in J & K. Bank deposit of Rs. 6,58,368/- have been recovered through attachment. Similarly, TRO has also effected recovery of Rs. 2,95,703/-.

The issue of legal heirs of Late Dhirendra Brahmchari has been settled by the High Court. In regard to demand outstanding against Late Dhirendra Brahmchari (Indl.), recovery action has been initiated by notice under section 221 of the Income-tax Act having been served on the legal heirs.

[Translation]

Study and Training Tours by Officers of CIL

609. PROF. RITA VERMA: Will the Minister of COAL be pleased to state:

(a) the number of officers of Coal India Limited sent abroad for training during each of the last three years; subsidiary Unit-wise;

(b) the number of officers who have retired after getting the training, the number of days they worked after their training, subsidiary Unit-wise;

(c) the nature of training and study for which the officers of different categories were sent abroad; and

(d) the amount spent there on during each of the last three years?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH): (a) Subsidiary-wise break-up of executives of Coal India Limited sent abroad for training and study tours during the last three years is as under:-

Company	1994-95	1995-96	1996-97
Eastern Coalfields Limited	10	-	9
Bharat Coking Coal Limited	6	3	5
Central Coalfields Limited	23	4	7
Western Coalfields Limited	-	-	2
South Eastern Coalfields Ltd.	2	12	7
Mahanadi Coalfields Limited	-	2	2
Northern Coalfields Limited	3	5	2
Central Mine Planning and Design Institute	1	9	1
North Eastern Coalfields	-	-	1
Coal India Limited (HQ)	-	5	1
Total	45	40	37

(b) Five officers have since superannuated as on 30.6.97 after getting training abroad during the last 3 years. Details are as under:-