

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) There are more than 60,000 bank branches in the country and the schedule of audits/inspection is determined by the banks/RBI. It would not be possible to indicate all branch-wise details in reply to a question as the information would be far too voluminous. Reserve Bank of India (RBI) have reported that as per the present policy with regard to on-site inspection of banks, the public sector banks are inspected every year. Private sector banks are also inspected every year. However, private sector banks with good rating are inspected at an interval of 1 to 1 1/2 years. Inspection of branches are taken up on selective basis. Besides, internal audits are carried out by the banks themselves. The focus of RBI inspection, inter-alia, is to assess compliance by banks with instructions/guidelines issued by RBI as well as the policies and procedures laid down internally by the management of the banks themselves. Where necessary, RBI also carry out special scrutiny in cases of serious irregularities coming to notice.

Inspection reports are voluminous documents and it is not feasible to chronicle all the findings in response to a question. Broadly, however, the irregularities observed may pertain to areas like deposits (including certificates of deposits) internal control, investments, window-dressing, stock invest scheme, credit management (pre-sanction appraisal, post disbursement follow up, security aspects, transgression of discretionary powers etc.) non-adherence to prudential limits, advances against selective commodities, advances against shares, review/renewal of credit limits, write-off of bad debts, bills, portfolio, non-fund based facilities, hiring of premises, consortium of lending, house-keeping (including inter-branch reconciliation blarcng of books, clearing adjustment account), provisioning etc.

(b) Based on the findings of the inspection, follow-up action is taken by RBI. After obtaining the comments of the bank on the inspection reports, the management of the bank (Chief Executive Officer and his executive team) are called for a discussion for identifying the steps required to be taken for eradicating the deficiencies. The bank's progress in implementing the agreed follow-up action plan is monitored.

(c) Frauds take place in banks either on account of systemic deficiencies or on account of non-compliance of prescribed procedures and rules.

Civil Procedure Code

539. SHRI SUBRAHMANYAM NELAVALA:

DR. T. SUBBARAMI REDDY:

SHRIMATI BHAVANA BEN

DEVRAJBHAI CHIKHALIA:

DR. VALLABH BHAI KATHIRIA:

Will the Minister of LAW and JUSTICE be pleased to state:

(a) whether a three days' Conference on Civil Code was held in Goa in May, 1997;

(b) if so, the outcome thereof;

(c) whether the Government propose to amend the Civil Procedure Code for early dispensation of civil justice in the country;

(d) if so, the details of the amendments proposed; and

(e) the time by which these amendments are likely to be introduced?

THE MINISTER OF STATE OF THE MINISTRY OF LAW AND JUSTICE (SHRI RAMAKANT D. KHALAP): (a) The Central Government and the Government of Goa did not hold any such conference.

(b) Does not arise.

(c) to (e) A proposal for the amendment of the Code of Civil Procedure, 1908 and the Limitation Act, 1963 to streamline administration of Civil Justice System is under active consideration and a Bill in this regard may be brought soon before Parliament.

High Level Meeting on CRB Scam

540. SHRI SANAT MEHTA: Will the Minister of FINANCE be pleased to state:

(a) the decisions taken in a high-level meeting held by the Finance Minister to review the situation arising out of scam created by CRB Capital Markets Ltd. wherein officers of RBI and CBI were present;

(b) whether it was able to assess about the amount which would be recovered from C.R. Bhansali after his arrest; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) The developments relating to CRB Capital Markets Ltd. have been reviewed by the Government in a number of meetings. Government has asked the regulators, i.e., Reserve Bank of India (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 in inter-departmental group comprising representatives of Central Bureau of Investigation (CBI), RBI, SEBI and the State Government has been constituted to ensure concerned 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.

(b) and (c) RBI has filed a winding up petition under Sec. 45 MC of the RBI Act in the Delhi High Court. The Delhi High Court has appointed a provisional official liquidator who has initiated action to crystallize the assets and liabilities of the Company. The Official Liquidator is being assisted by the officials of RBI, CBI and some public sector banks in this regard.

[Translation]

Pending Cases in GIC

541. SHRI PAWAN DIWAN: Will the Minister of FINANCE be pleased to state:

(a) the total number of documents/claims pending in four subsidiary companies of General Insurance Corporation as on June 30, 1997, company-wise;

(b) whether the Government propose to make a provision in the policy bond that in case of delay in issuance of documents or disposal of claims, payment of interest @ 18% annually on premium amount recovered will be made in regard to claims disposed of or as the case may be; and

(c) whether the Government also contemplate to make indiscipline employees answerable for delay in issue of documents or payment of claims keeping in view the improvement in the service industry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) As per the information furnished by General Insurance Corporation of India the total number of documents claims pending (company-wise) as on 30.6.97 is as under:

No. of Documents/Claims Pending as on 30.6.97

	(Provisional)	
	Documents	Claims
National	4,69,301	1,71,110
New India	3,94,079	2,33,767
Oriental	5,11,039	2,19,411
United India	6,12,214	1,74,999
Total	19,86,633	7,99,287

(b) No such proposal is under consideration.

(c) General Insurance industry has a well established procedure to deal with indiscipline and other misconduct by the employees under the General Insurance Conduct, Discipline and Appeal (CDA) Rules.

[English]

Touts for Smooth Business

542. SHRI MOHAN RAWALE: Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been invited to the news-item captioned, "For smooth business, turn to touts", appearing in the Hindustan Times dated June 4, 1997;

(b) if so, the facts and details thereof; and

(c) the steps taken by the Government to check the menace of touts in the Reserve Bank of India in the interest of general public?

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

(b) and (c) Reserve Bank of India have stated that the transacting of business by touts/professional dealers in the banking hall of RBI, New Delhi is not permitted. RBI have taken the following measures in this regard:

(i) The security staff posted in the banking hall are instructed to be always vigilant.

(ii) The Manager (Security) who is stationed in the Banking Hall takes frequent rounds to ensure smooth and orderly transaction of business at the counters.

(iii) The security staff and staff working on the counters have been instructed not to allow anyone to stand in queue once he/she has got the notes/coins in exchange.

(iv) The security staff from the Bank as well as police personnel from the Parliament Street Police Station have been posted in the hall for maintaining law and order and they ensure smooth working of the counters.

(v) All the customers standing in the queue are issued coins at the counters till close of the banking hours consistent with the stock position.

Committee to Review Guidelines for PSEs

543. SHRI SUNDER LAL PATWA:

SHRI G.A. CHARAN REDDY:

Will the Minister of INDUSTRY be pleased to state:

(a) whether the Government have decided to set up a four member committee to review the existing guidelines issued by the erstwhile Bureau of Public Enterprises for Public Sector Enterprises;

(b) if so, the main points referred to this committee;

(c) the composition of the committee;

(d) the time by which the committee is likely to submit its report; and

(e) whether the purpose to setting up of this committee is to make PSEs more efficient, competitive and autonomous?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) Yes, Sir.