

[English]

Investigation in Indian Bank Scam

4928. SHRI P.R. DASMUNSI : Will the Minister of FINANCE be pleased to state :

(a) the progress of investigation made in Indian Bank Scam, Chennai;

(b) the total amount involved in the scam; and

(c) the steps taken to stop the recurrence of such incidents?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) and (b) Central Bureau of Investigation (CBI) have reported that 14 cases pertaining to Indian Bank have been registered in various branches of CBI. CBI have further reported that the amount involved in 14 cases registered by them is Rs. 295.95 crores.

Indian Bank has reported that all the Non Performing Assets need not be construed as loss as all of them are not entirely unrecoverable.

(c) Reserve Bank of India have introduced certain changes in its system of on-site examination to ensure continuous and focussed supervision on banks. A system of quarterly off-site surveillance has also been put in place to pick up early warning signals. Recommendations of Rashid Jilani Committee to streamline the internal control in banks and the system of audit have also been advised to banks for implementation.

Canstar Capital Scheme of Canara Bank

4929. SHRIMATI JAYAWANTI NAVINCHANDRA MEHTA : Will the Minister of FINANCE be pleased to state:

(a) whether Canstar Capital Scheme of Canara Bank has submitted the poll results to SEBI on their move to unilaterally modify their contractual obligation.

(b) if so, the reasons for delaying decision on the issue by SEBI; and

(c) the remedial measures being taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) Canbank Investment Management Services Ltd. have reported that they have submitted to SEBI the results of the postal ballot in respect of the resolutions set out in the notice dated 10th September, 1996 seeking linking of repurchase/redemption of Canstar units to net asset value.

(b) and (c) The matter is under consideration of SEBI.

Buildings on Agricultural Land

4930. SHRI RAMSAGAR : Will the PRIME MINISTER be pleased to refer to the reply given to unstarred Question No. 5 dated November 5 dated November 20, 1996 regarding "agricultural land" and state:

(a) the number of cases under process and the number of cases in which legal proceedings have since been finalised;

(b) the steps taken to expedite the disposal of cases;

(c) the number of buildings out of 2714 plots on agricultural land that have been demolished and the land converted for actual agricultural use;

(d) the number of unauthorised colonies that have come up on the agricultural land without getting the land use changed;

(e) whether there is any proposal to regularise the sale-purchase of Gram Sabha plots allotted to the people of weaker section but sold out to others after making certain levy on the sale purchase as had been done in the case of DDA flats earlier; and

(f) if not, the reasons for following discriminatory policies?

THE MINISTER OF STATE IN THE MINISTRY OF URBAN AFFAIRS AND EMPLOYMENT AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. U. VENKATESWARLU) : (a) to (f) The information is being collected and will be laid on the Table of the Sabha.

Regional Passport Office

4931. SHRI MADHAVRAO SCINDIA : Will the PRIME MINISTER be pleased to state :

(a) whether he paid a surprise visit to the Regional Passport Office at New Delhi on December 26, 1996 to see for himself and listen to complaints about the difficulties faced by applicant's for passports;

(b) if so, the major complaints about the applicants difficulties and problems that came to his notice; and

(c) the steps taken by Government to remove these difficulties?

THE MINISTER OF STATE OF THE MINISTRY OF LAW AND JUSTICE (SHRI RAMAKANT D. KHALAP) : (a) to (c) The Prime Minister, in his capacity as the Minister for External Affairs, visited the Regional Passport Office, New Delhi on 26th December, 1996 to inaugurate the newly installed Tele-enquiry System. He also availed of this opportunity to take a round of the office, to interact with the applicants and listen to their complaints. He gave on the spot instructions on how to make the office more responsive to the needs of the public

Funds to Revitalisation of PSUs

4932. SHRI N.K. PREMACHANDRAN : Will the Minister of FINANCE be pleased to state :

(a) whether the Government allocate funds to sick public sector units for revitalisation purpose.

(b) if so, the details thereof alongwith the names of such sick companies to whom funds have been allocated and the amount of financial assistance allocated during the last one year;

(c) whether such financial assistance has been sought by any public sector units in Kerala; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (b) Funds are allocated to sick PSUs based on the approval of the revival plan by the Government. The revival plans include *inter alia*, write off of outstanding loans, conversion of outstanding loans into equity, waiver of interest due to Government and grant of assistance for voluntary retirement scheme and infusion of fresh funds.

During the year 1996-97, revival packages for Heavy Engineering Corporation, Scooters India Ltd., Bharat Refractories, Hindustan Paper Corporation (Nagaland Pulp & Paper Corporation), three subsidiaries of Bharat Yantra Nigam and two of Bharat Bhari Udyog Nigam were approved by the Government.

A Statement showing the provision made in the revised estimates of 1996-97 for revitalisation of sick PSUs is enclosed.

(c) and (d) Revival Plan of Instrumentation Ltd., Kota which has a unit in Palghat (Kerala) has been received. The plan includes, *inter alia*, financial restructuring, infusion of fresh funds and provision of Government guarantee etc. No decision has yet been taken on the proposal.

Statement

The following provisions were made in the revised estimates of 1996-97 for revitalisation of sick PSUs :

	(Rs. in crore)
(i) Write off of outstanding Government loans	
(a) Bharat Yantra Nigam	14.65
(b) Hindustan Paper Corpn. Ltd.	26.45
(c) Scooter India Ltd.	139.60
Total :	183.60
(ii) Waiver of interest due to Government	
(a) Subsidy for payment of interest by NEEPCO	35.46
(b) Bharat Yantra Nigam Ltd.	151.13
(c) Bharat Bhari Udyog Ltd.	101.14
(d) Hindustan Paper Corpn. Ltd.	147.52
(e) Heavy Engineering Corporation	272.00
(f) Scooter India Ltd.	454.09
(g) Bharat Refractories Ltd.	61.64
Total :	1222.98

(iii) Conversion of outstanding loans into equity (token provision made)

(a) Bharat Yantra Nigam Ltd.	71.16
(b) Bharat Bhari Udyog Nigam Ltd.	63.66
(c) Hindustan Paper Corporation Ltd. (Nagaland Paper & Pulp Co. Ltd.)	71.38
(d) Scooter India Ltd.	27.22
(e) Heavy Engineering Corpn. Ltd.	99.41
(f) Bharat Refractories Ltd.	39.76
Total :	373.03

(iv) Grant assistance for implementation 220.21 of voluntary retirement scheme, etc.

2. In Addition to the above, Non-Plan loans for a total amount of Rs. 1453.54 crore were provided in RE 1996-97 to public sector enterprises which included Rs. 1216.30 crore for meeting cash losses. Plan investments in PSUs comprising equity and loans are over and above these Non-Plan loans.

Plan investment and non-Plan loans, to the six PSUs for which the revival plans were sanctioned in the year 1996-97 were Rs. 52.57 crore and Rs. 101.72 crore, respectively.

Non-Performing Assets

4933. SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state:

(a) whether the Government have formulated any strategies for tracing the emerging non-performing assets (N.P. As) and effective recoveries; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) : (a) and (b) Reserve Bank of India (RBI) has taken several measures both to contain the growth of NPAs and also to reduce their existing levels. Some of the measures taken by RBI are indicated below:

A system of classifying assets of the bank as performing or non-performing was introduced in 1992, based on the recommendations of the Narasimham Committee. The classification is based on objective criteria relating to recovery to ensure uniformity in assessing the quality of assets. The level of non-performing assets (NPAs) reflect the quality of the credit portfolio of banks.

Income is recognised only on realisation basis and hence profitability of banks essentially depends on the management of NPAs. On the basis of RBI's advice, banks have laid down loan policy, loan recovery policy and are required to review accounts periodically. Banks are, therefore, required to address the management of NPAs through well defined policies and strategies. RBI has also introduced off-site quarterly monitoring system in addition to annual financial inspection.