

FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) to (c) An Interim non-statutory Insurance Regulatory Authority was set up in January 1996 with the objective to prepare a comprehensive legislation to establish an autonomous Insurance Regulatory Authority, conceptually similar to SEBI. In the Budget Speech 1998-99 it has been announced that the insurance sector would be open to competition from private Indian companies and the Insurance Regulatory Authority will also be converted into a Statutory Body. Necessary legislation will be introduced later in the year.

ATM System in Banks

2597. SHRI MOHAN RAWALE : Will the Minister of FINANCE be pleased to state:

(a) whether the State Bank of India has introduced the ATM system in the various branches of Delhi and other parts of the country;

(b) if so, the details thereof;

(c) whether some annual charges are realised from customers for availing of this ATM facility;

(d) if so, the details thereof and the reasons therefor;

(e) whether various types of ATM card are issued by the State Bank of India to its customers; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCE AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) and (b) As reported by the State Bank of India (SBI) 23 ATMs have been installed at its various branches spread all over the country. Out of these 23 ATMs three are in Delhi (Sansadiya Soudh, Special Personal Banking Branch on Sansad Marg and Kamla Nagar), 8 in Mumbai and one each at Ahmedabad, Bangalore, Bhilai, Bhopal, Bhubaneshwar, Calcutta, Chandigarh, Chennai, Hyderabad, Jamshedpur, Lucknow and Patna.

(c) No Sir.

(d) Does not arise.

(e) and (f) SBI has issued three types of ATM Cards to its customers with daily withdrawal limits of Rs. 3,000/-, Rs. 5,000/- and Rs. 9,900/- respectively.

Export of Iron Ore by MMTC

2598. SHRI A.C. JOS : Will the Minister of COMMERCE be pleased to state:

(a) whether the Minerals and Metals Trading Corporation Limited has secured iron ore export order from Japan of Rs. 650 crores recently; and

(b) if so, the details thereof?

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE) : (a) Yes, Sir.

(b) The break-up of the quantity to be supplied to Japan during 1998-99 will be as follows:-

(i) Baladilla mines of National Minerals Development Corporation in M.P. : 2.4 million tonnes of lumps and 1 million tonne of fines.

(ii) Bellary-Hospet Sector in Kamataka: 2 to 2.3 million tonnes of iron ore lumps and fines.

(iii) Mines in Bihar, Orissa Sector: 3 to 5 lakh tonnes of iron ore lumps.

(iv) Kudremukh Iron Ore Company: 1 million tonne of iron ore concentrate inclusive of 2,50,000 tonnes of silicious concentrate.

Garment Export Quota

2599. SHRI C.P. RADHAKRISHNAN : Will the Minister of COMMERCE be pleased to state:

(a) the steps taken by the Government to increase the garment export quota to European Union and United States; and

(b) the new policy regarding anti-dumping duty taxes being imposed by European Union and United States?

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE) : (a) The garment export quota are agreed to in bilateral textiles agreement with the European Union and the United States. these agreements are regulated under the provision of the Agreement on Textiles and Clothing. Neither in bilateral agreement nor in WTO Agreement on Textiles and clothing there is a provision for increase in quota.

(b) European Union and United States conduct anti-dumping investigations and impose duties as per their national legislation. The Government of India is assisting the Indian exporters in defending their anti-dumping cases in European Union and United States.

Open-Ended Debt Fund of UTI

2600. SHRI K.S. RAO :
SHRI MAGANTI BABU :

Will the Minister of FINANCE be pleased to state:

(a) whether the Unit Trust of India has recently launched its first open-ended 100 per cent debt fund;

(b) if so, the details thereof indicating inter-alia the objectives likely to be achieved thereby;

(c) the details of money market instruments in which the above fund is likely to be invested;

(d) whether this scheme will be tax efficient as the capital gains made on repurchase of investment; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) Yes, Sir. Unit Trust of India has launched a 100% debt fund, called the UTI Bond Fund on 04.5.1998.

(b) As per information furnished by UTI, the fund is open ended offering easy liquidity with repurchase facility on a continuous basis. There will be no income distribution under the plan. The repurchase will be based on the Net Asset Value calculated on a daily basis. The investments in the scheme qualify for capital gains under Sections 48 and 112 with benefit of indexation. The stated objective of the fund is growth of capital with complete liquidity through investment in debt instruments.

(c) According to UTI, the fund will mainly invest in debt instruments and the money market instruments in which it could invest include call and notice money, reverse-repos with RBI and commercial banks, commercial papers, certificates of deposit etc. However, investment in money market instruments will be kept to the minimum to be able to meet the liquidity needs of the plan.

(d) and (e) Since the scheme will not distribute any returns, there is no incidence of income tax. At the time of repurchase investors realise capital gains which is taxable. Repurchases after one year will be treated as long term capital gains and will be subject to tax treatment under Sections 48 and 112 of the Income Tax Act, 1961. Further, investments in this plan also qualify for capital gains tax exemptions under Section 54 EA and 54 EB.

Violation of RBI Rule by Vysya Bank

2601. DR. BIZAY SONKAR SHASTRI : Will the Minister of FINANCE be pleased to state:

(a) whether Vysya Bank Limited has been repeatedly committing violations of RBI regulations such as that of stock invest scheme, bridge loans, bill finance, SLR & CCR etc. and the RBI has imposed monetary penalties;

(b) if so, how do these violations compare with other private sector banks;

(c) the action the Government propose to take in the matter to ensure that the bank to follow the laid down RBI regulations/norms; and

(d) whether there is also any proposal to replace directors on the Board of directors of the bank who have been there for more than three years; and

(e) if not, the reasons thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCE AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) to (c) Vysya Bank Ltd. is a private sector bank and it is neither necessary nor desirable for the Government to keep itself informed of the operational and management functions of such banks. RBI as a regulatory authority has to satisfy itself that the bank is complying with regulatory requirements. In cases having a bearing on the regulatory framework, RBI takes appropriate actions as the Regulator of the Banking System. RBI have informed that depending on the type of irregularities and violation of RBI's instructions which come to their notice, penalties have been imposed on some private sector banks including Vysya Bank Ltd;

(d) and (e) According to RBI, appointment of Directors other than the Chairman/Chief Executive Officer/Managing Director/Wholetime Director on the boards of private sector banks does not require RBI's prior approval. It is the responsibility of private sector banks to comply with the provisions of Section 10A of the Banking Regulation Act, 1949 in regard to the composition of the Board of Directors and the tenure of the Members. RBI have further informed that they have not received any proposal from Vysya Bank Ltd. regarding replacement of Directors who have been on the Board for more than three years.

MOU with CCI

2602. DR. T. SUBBARAMI REDDY :
SHRI SANDIPAN THORAT :

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government have allocated Central assistance of Rs. 7 crore for a programme aimed at improving production, and purity of cotton during 1998-99 as per MOU between Textile Ministry and Cotton Corporation of India;

(b) if so, the details of the scheme, specific activities formulated for extending financial support and State-wise break up of areas to be covered under the programme, the estimated number of beneficiaries, produce of certified goods etc;

(c) whether the National Cotton Research Institute at Nagpur is involved in execution of the scheme;

(d) if so, the present status of the scheme, and