

cooperation under the Integrated Long-Term Programme.

National Banking Corporation

*56. DR. G.S. RAJHANS:
SHRI MUKUL WASNIK:

Will the Minister of FINANCE be pleased to state:

(a) whether there is a proposal under the consideration of Government to set up a National Banking Corporation;

(b) whether the All India Bank Employees Association has also made a similar demand; and

(c) if so, when a final decision is likely to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c). All India Bank Employees Association (AIBEA) had last year suggested that a Central Banking Authority delinked from Reserve Bank of India be set up and entrusted with the task of regulating, monitoring, and overseeing the working of Commercial Banks. Keeping in view the existing arrangements for regulation, monitoring as also development of Commercial Banks and the powers vested in the Reserve Bank of India under Reserve Bank of India Act, 1934 and the Banking Regulation Act, 1949, establishment of a separate Central Banking Authority has not been considered necessary. No proposal in this regard is under consideration of the Government.

Private Financial Institutions

57. PROF. K.V. THOMAS :
SHRI MULLAPPALLY
RAMACHANDRAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the functioning of private financial institutions called "Blade Companies";

(b) whether these "Blade Companies" have cheated depositors in States like Kerala and Andhra Pradesh;

(c) if so, the action taken/proposed against these 'Blade Companies', and

(d) whether Government propose to bring legislation in consultation with States to ban or to control these private financial institutions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (d). Government are aware that certain unincorporated bodies known as "Blade Companies" are functioning in the State of Kerala. Some of these "Blade Companies" have branches in other States including the State of Andhra Pradesh. It has been reported that these 'blade companies' accept deposits from public by offering very high rates of interest and lend the same by charging exorbitant rates of interest. There are also reports about certain unincorporated bodies not paying back the deposits, when demanded.

The deposit acceptance activities of such bodies are regulated under Chapter III-C of Reserve Bank of India Act, 1934. These provisions prohibit such bodies from accepting deposits in excess of the specified number of depositors. The act also provides for penal action for violating these provisions. These powers vest concurrently with RBI and the State Governments. Government have no proposal to bring out any fresh legislation on this subject.

Reserve Bank of India has reported that it has, already, initiated action against several concerns at Ahmedabad, Bangalore, Kottayam, Madras and Trivandrum. The Kerala State Police is also reported to have raided the offices of some concerns and have seized documents. The proprietors/partners are reported to have been arrested for breach of trust and cheating. Reserve Bank of India has reported that quite recently, it, alongwith the Sales Tax Intelligence Wing of Government of Kerala, had raided the offices of a number of unincorporated