

(b) to (d) Under the previous system, income was taxed in the hands of person to whom it did not belong, it mitigated against the pass through status which is the very essence of a mutual funds and it was iniquitous.

Government reviews taxation proposals taking into account relevant factors from time to time. Since the previous system was iniquitous in the sense that it allowed persons in the higher income groups to be taxed at much lower rate than the rates applicable to them, it was decided to abolish the tax on income distributed by Mutual Funds and to impose the tax on the income in the hands of the recipients at the rates applicable to them in a progressive tax system.

NPAs of Gurgaon Gramin Bank

79. SHRI NANA DESHMUKH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether Gurgaon Gramin Bank has the lowest Non-Performing Assests (NPAs) nation wide and has brought it down to 1.99 per cent in comparison to 8.4 per cent during the last three years;
- (b) whether the NPAs of Gramin Banks are even lower than that of State Bank of India;
- (c) if so, the reasons for such a variance; and
- (d) the steps taken by Government to make the other banks to follow the methodology used by Gramin Banks to liquidate their NPAs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Syndicate Bank which is the sponsor bank has reported that Gurgaon Gramin Bank (GGB) has brought down its net Non-Performing Assests (NPAs) from 8.40 per cent as on 31-03-1999 to 1.99 per cent as on 31-03-2002.

(b) and (c) The NPAs of a Regional Rural Bank (RRB) which covers a small area of 1 or 2 districts and that of an All India Bank like SBI with a large variety of financial services are not comparable.

(d) The performance of RRBs is monitored periodically. Each RRB prepares a Development Action Plan (DAP) and enters into a Memorandum of Understanding with the sponsor bank which *inter alia* covers the level of business to be reached, percentage of recovery target, reduction in NPAs levels

of staff productivity etc. for improving the overall efficiencies. The important policy initiatives taken to reduce the NPA level and those followed by individual RRBs include compromise settlement, one time settlement scheme, recovery drives, post disbursal follow up by field level staff and initiation of legal action against defaulters etc.

Chairman of Charminar Co-operative Bank

80. SHRIMATI N.P. DURGA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether Government of Andhra Pradesh has requested the Central Government for removal of Chairman of scam hit Charminar Co-operative Bank subsequently merging it with some other bank; and
- (b) if so, what is Government's response in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) After Chairman of Charminar Co-Operative Bank committed suicide, request was made by Andhra Pradesh Government as well as Reserve Bank of India for appointment of Administrator in the Bank. The Board of Directors was superseded on 2nd March, 2002 and an Administrator was appointed.

Hawala transaction in Mumbai-based banks

81. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

- (a) whether the Enforcement Directorate has detected that huge hawala sum of Rs. 336 crores was deposited in four Mumbai-based banks and was transferred within 60 days to accounts for South India based banks;
- (b) if so, whether this was done with the connivance of bank employees;
- (c) if so, the persons arrested in this regard; and
- (d) what are the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Yes Sir, During the year 2000, the Directorate of Enforcement had investigated a case in which amounts totalling Rs. 336 crore approximately were found to have been