

[9 May, 2000]

RAJYA SABHA

Refund of Charges Collected from Investors by Peerless General

4645. SHRI KARNENDU BHATTACHARJEE:
SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that prior to 1996 the Peerless General Investment and Finance Company Ltd. collected processing/servicing charges for all proposals for investment by depositors;

(b) if so, the total amount collected on this account upto 1996;

(c) whether the Supreme Court in its judgement directed the company to return this unauthorised amount to the investors; and

(d) if so, whether the amount has been returned in its entirety to the investors/depositors and if not, the action contemplated against the company in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) to (d) Reserve Bank of India (RBI) has reported that following the judgement of the Hon'ble Supreme Court, Peerless General Finance & Investment Co. Ltd. (PGFIL) were allowed by RBI to collect a one-time non-refundable maximum amount of Rs. 80% only towards the cost of expenses for issuing brochures etc. and servicing the depositors' accounts. Accordingly, the depositors were to be repaid on maturity the aggregate amount of deposits after adjustments of the service charges applicable. PGFIL has, under instruction from RBI written back an amount of Rs. 771.47 crores appropriated earlier from the deposits after adjustment of allowable service charge in its balance sheet as on 31st March, 1996 towards liabilities to the depositors. RBI has reported that PGFIL has since been repaying to the depositors as per the true liabilities disclosed in the balance sheet from March 31, 1996 onwards.