

[21 December, 1999]

RAJYA SABHA

budget, experience periodic Ways & Means related financial problems. To enable such States to deal with the situation there is an agreement between the States and RBI to provide Ways & Means support.

For providing plan assistance to State, budgetary support from the Central Government is given as per the advice of the Planning Commission. The pattern and quantum of the revenue grants to the States are determined on the basis of the recommendations of the Finance Commission.

The issue of financial problems being faced by the States was addressed in the 48th meeting of the National Development Council (NDC). The need for initiating fiscal reforms by the States was recognised in this meeting. As a follow-up of the NDC decision some State Governments have evolved and undertaken their own medium-term fiscal reforms programme. The Centre has extended assistance to these States by way of advance devolution of plan and non-plan assistance. An Official Committee has also been set up to monitor and review the fiscal reforms programmes of these States.

Turn around Plan of PGFIL Question

2064. SHRI SOLIPETA RAMACHANDRA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some months back the Reserve Bank of India directed the Calcutta based Peerless General Finance and Investment Ltd. (PGFIL) to submit a turn around plan in the context of the Company's non-performing assets and its low deposit mobilization;

(b) if so, whether the company has since complied with this directive to the satisfaction of the Reserve Bank of India; and

(c) if not, what action is proposed to be taken against the Company?

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

(b) and (c) PGFIL submitted revised turnaround plan to RBI on

16th July, 1998. The Company has been advised by RBI on 4th October, 1999 that the progress reported for the June, 1999 quarter is not upto the desired extent in the areas concerning recovery of NPAs, sale of non-productive real estates, closure of loss making subsidiaries, reduction in management expense, rationalization of staff, increase in productivity etc. The Company has further been advised to explore avenues to raise its capital base. A comprehensive inspection addressing all the supervisory concerns as well as the quality and quantity of achievements under the turn around plan has since been undertaken by RBI.

Branch of Commercial Bank at Banka and Godda in Bihar

2065. SHRI JANARDAN YADAV: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact the there is no branch of commercial bank at Banka and Godda districts in Bihar; if so, the reasons therefor;

(b) whether Government proposed to make any action plan for the extension of banking facilities in the hilly region in Bihar; if so, the details thereof; and

(c) whether Government propose to open a branch extension counter of commercial bank and others at Godda and Banka?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) As on the last Friday of March 1999, 61 offices of commercial banks were functioning in Banka District and 58 offices in Godda District of Bihar.

(b) and (c) Under the Extant Branch Licensing Policy of Reserve Bank of India, the decision for opening branches at a particular center including in the hilly regions has been left to the discretion of the banks themselves, subject to getting prior licence from RBI.

Achievements of NABARD

2066. SHRI NILOTPAL BASU:
SHRI DIPANKAR MUKHERJEE:

Will the Minister of FINANCE be pleased to state: