

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (d) The Enforcement Directorate has detected some cases involving alleged misuse of non-resident external accounts for depositing foreign exchange acquired/ purchased in India and for issue of cheques/drafts to Indian residents purportedly as gifts. The Directorate has been keeping a constant vigil on such transactions. Appropriate action as envisaged under the law is taken against the defaulters as and when any such information is received.

Loan by Nationalised Bank to East West Airlines

1196. SHRI CHIMANBHAI MEHTA:
SHRI ANANTRAY DEV-
SHANKER DAVE:
SHRI G.G. SWELL:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that East West Airlines got a huge loan amounting approximately to Rs. 40 crores from a nationalised bank?

(b) if so, who recommended in favour of sanctioning the loans and what was the basis thereof;

(c) whether the nationalised bank has advanced similar loans to any other private airlines also;

(d) if so, the details thereof;

(e) whether the loan given to the East West Airlines has been recovered; and

(f) who are the front and real owners of East West Airlines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBIPROSAD PAL): (a) to (f) The information is being collected and will be laid on the Table of the House.

High Interest Rate on Term Loans

1197. SHRI YERRA NARAYANA SWAMY: Will the Minister of FINANCE be pleased to state:

(a) whether financial institutions are likely to increase interest rates on term loans by one percent in the near future;

(b) if so, the reasons therefor;

(c) what would be the impact of high interest term loans in industries;

(d) whether it is a fact that steep administrative costs in financial institutions are a major cause for high interest rates;

(e) in what way Government propose to monitor the expenditure of financial institutions; and

(f) the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBIPROSAD PAL): (a) and (b) The Industrial Development Bank of India (IDBI) has reported that currently, the minimum term lending rate is 16% per annum (excluding interest tax) which was fixed in November 1995. The actual interest rate on a specific loan is charged within a band of four percentage points and depends on the credit worthiness of the borrower and risk perception about the project.

(c) IDBI has reported that the interest rates charged by all India Financial Institutions (AIFIs) are quite competitive in comparison with market rates of interest from alternative sources. The level of interest rate is influenced by rising demand for credit in the face of shortage of liquidity in the market. The debt servicing capacity of industrial projects assisted by AIFIs is assessed prior to according approval to the project proposals.

(d) IDBI has reported that the administrative costs in the case of AIFIs have been quite low. In the case of IDBI, such costs formed 1.5% of the total net income in 1994-95.

(e) and (f) The Board of Directors of AIFIs are responsible for monitoring the activities of the institutions. Government monitors the position of overall sanctions and disbursements made by AIFIs. Government also appoints its nominee directors on the Board of AIFIs. Besides, the matters of general policy nature and of common interest to AIFIs are discussed with Chief Executives of AIFIs in meetings held from time to time.

Multi-crore Animal Husbandry Departments Scandal

1198. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government have issued any instructions to the Income-Tax Department to speed up investigation in the multi-crore Animal Husbandry Department scandal as reported in the Financial Express, New Delhi edition dated 18th February, 1996;

(b) whether the Scam involving over Rs. 2,000 crore was the biggest ever of its kind in the State of Bihar;

(c) whether any raid was conducted by the Income-Tax Department officials 'at the Ranchi Airport in February, 1993 which subsequently led to tracing of property worth over Rs. 50 crore involving 6 officials of the Animal Husbandry Department; and

(d) if so, the details/action taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) No, Sir. No such instruction has been issued to the Income Tax Department. However, all the Investigating Agencies of the Government including the Income Tax Department are expected to carry out their jobs diligently and take prompt and appropriate action on the basis of information received by them.

(b) No such estimate is available.

(c) and (d) Yes, Sir. A search was conducted by the Income Tax Department at Ranchi Airport on 1.2.93 during which assets worth Rs. 1,15,54,631 were seized from the baggage of the following suppliers/officials of Animal Husbandry Department of Bihar

(i) Shri Vijal Mallick (Supplier to AHD) Cash Rs. 1,00,50,000/- (ii) Shri Sanjai Sinha (Supplier to AHD) Cash & Demand Drafts Rs. 3,20,000/-

(iii) Mrs. Manorama Prasad, w/o Dr. K.M. Prasad, an official of AHD Cash & Jewellery Rs. 11,11,031/-

(iv) Ms. R. Kumari, d/o Dr. K.M. Prasad Cash Rs. 20,000/-

(v) Shri Abhished Kumar, s/o Dr. R.K. Singh, an official of AHD Cash and Demand Drafts Rs. 13,60(K

(vi) Mrs. Nirmala, w/o Dr. R.K. Singh Cash Rs. 40,000/-

Subsequent enquiries and further searches were carried out in the case of Dr. K.M. Prasad, an official of the Animal Husbandry Department on 17.2.93, 17.9.93 and 12.11.93 during which some documents and cash of Rs. 38,350 were seized from his luggage on 17.2.93 and cash of Rs. 30,443 was seized on 17.9.93. Dr. R.K. Singh another official of the AHD was also searched at the Ranchi Airport and a Sum of Rs. 99,990 was seized from his account in Allahabad Bank, Tagore Park, Delhi. During the course of search, Shri Kamlesh Kumar, son of Dr. K.M. Prasad has made a disclosure of Rs. 60 lakhs u/s 132(4) of the Income Tax Act on the basis of the seized documents. Appropriate action under the Income Tax Act, 1961 have been taken. The results of the enquiry and searches in the case of Dr. K.M. Prasad and Dr. R.K. Singh have also been communicated to the Vigilance Department of the Government of Bihar.