

Setting up of a Bank by Gujarat State

441. SHRI AHMED MOHMEDBHAI VTEL: Will the Minister of NANCE be pleased to state-

- (a) whether Gujarat is the first tate in the country to have a Bank its own which will be promoted by tatelowned Gujarat State Fertilizer irporation and Gujarat Lease Fin- ce Limited;
- (b) if so, whether the Reserve Bank India has already gtiven its ap- oval;
- (c) whether there will be equity rticipation from selected State Gov-ment enterprises also;
- (d) what is the total authorised rital of the Bank;
- (e) what is the extent to which is will be helpful to the State of Gujarat; and
- f) whether such type of Banks will operating in other States also?

*HE MINISTER OF STATE IN THE NISTRY OF FINANCE AND MINCER OF STATE IN THE MINIS-;Y OF PARLIAMENTARY AF-IRS (DR. ABRAR AHMED): > Gujarat State Fertilizer poration (GSFC) and Gujarat se Finance Limited (GLFL) will the nodal agencies for promoting state owned bank called the Bank Gujarat Limited. The Restrve Bank India has received an application n the GSFC for a licence to cornice banking business under section of the Banking Regulation Act,

- (a) The application is being proces-by Reserye Bank of India
- (b) and (d) It has been stated in application that the bank would promoted by leading cor-tions and companies of

Gujarat from the public and joint sectors as well as private business houses. The authorised capital (as stated in the application) is likely to be Rs. 200 crores.

- (e) Details in this regard are not available.
- (f) RBI have no information in this regard.

Delay in sanctioning a Stock. . Exchange at Surat

442. SHRI AHMED MOHMEDBHAI PATEL; "Will the Minister of FINANCE be pleased to state:

- (a) whether delay on the part of the Central Government to sanction a Stock Exchange in Surat is depriving the country of foreign exchange inflow of millions of dollars;
- (b) whether it has been pointed out that South Gujarat has a rich farming community specialising in cash crops and almost every third family has a member settled abroad;
- (c) if so, whether it has also been pointed out that 15 to 20 percent of transactions of the Bombay Stock Exchange are accounted for by Surat based investors;
- (d) if so, what are the reasons for the delay in sanctioning a Stock Exchange at Surat, Gujarat; and
- (e) by what time final decision ki this regard is likely to foe taken?

THE MINISTER OF STATE IN THE MINTSTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) It would foe incorrect to say that lack of a recognised Stock Exchange in Surat is depriving the country of a large inflow of foreign exchange as there are 21 recognised and funconal Stock Exchanges in the country, including three Exchanges in the State of Gujarat.

(b) and (c) The Southern Gujarat Chamber of Commerce and Industry in its memorandum submitted to the Ministry has pointed out that cultivation of cash crops is the most profitable activity in South Gujarat and that industrial activity around Surat has also attracted the attention of NRIs as a potential centre for industrial investments. The Chamber has also pointed out that the share of South Gujarat in the total turnover of the Bombay Stock Exchange is nearly 25 percent.

(d) and (e) There are already three recognised Stock Exchanges in the State of Gujarat and this is the *highest* number of Stock Exchanges in any State in the country. Besides the National Stock Exchange of India Limited is expected to provide services to investors from all over the country in due course. In view of these factors, the establishment of a Stock Exchange at Surat does not seem justifiable.

Detection and investigation of Bank Fraud Cases

443. *Transferred to 13th December 1993.*

444. SHRI SURESH PACHOURI; Will the Minister of FINANCE be pleased to state;

(a) whether the Bank frauds during 1992 were higher as compared to 1990;

(b) what is the total number of cases of frauds reported to RBI in 1992;

(c) to what extent they were more in comparison to 1991;

(d) whether during 1990, the bank frauds were 1,034 and the amount involved was Rs. 8,598.36 lacs;

(e) whether upto March, 1993, 340 cases were reported involving an amount of Rs. 1,129 lakhs;

(f) if so, whether RBI appointed a Committee in 1991 and the same has submitted its report in June, 1992;

(g) if so, what were the main recommendations made by the Committee;

(h) whether it is also a fact that investigating cells will be set up for investigating cases of Bank fraud and

(i) to what extent the bank frauds were checked?

THE MINISTER OF STATE : THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR ABRAR AHMED): (a) and (b) Yes, Sir. 1717 frauds were reported by public sector banks (including overseas branches) to Reserve Bank of India (RBI) during 1992, compared to 1687 frauds reported during the year 1990.

(c) For the year 1991 the public sector banks reported 1559 frauds and in 1992, 1717 frauds were reported representing an increase of 158 cases of frauds.

(d) The number of frauds reported by the 20 nationalised banks for year 1990 was 1034 and the amount involved was Rs. 8598.36 lakhs. In 1993 upto March, 340 cases were reported involving an amount of Rs. 1,129 lakhs.

(e) In 1993 (upto March), 340 cases were reported and an amount of 1129 lakhs was involved.

(f) Yes, Sir.

(g) The main recommendations of the Committee are given in the statement (See below).

(h) RBI has reported that the public sector banks have set up Vigilance Cells both at Head Office and controlling office levels to look into the vigilance cases in respect of both staff and others. RBI has further reported that investigations are conducted by staff of Vigilance Cells (services of Internal Inspection) at Department as well as other experienced staff are also utilised for the purpose.