

Setting up of a Bank by Gujarat State

441. **SHRI AHMED MOHMEDBHAI PATEL:** Will the Minister of NANCE be pleased to state;

(a) whether Gujarat is the first State in the country to have a Bank of its own which will be promoted by State-owned Gujarat State Fertilizer Corporation and Gujarat Lease Finance Limited;

(b) if so, whether the Reserve Bank of India has already given its approval;

(c) whether there will be equity participation from selected State Government enterprises also;

(d) what is the total authorised capital of the Bank;

(e) what is the extent to which it will be helpful to the State of Gujarat; and

(f) whether such type of Banks will be operating in other States also?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED):

Gujarat State Fertilizer Corporation (GSFC) and Gujarat Lease Finance Limited (GLFL) will be the nodal agencies for promoting State-owned bank called the Bank of Gujarat Limited. The Reserve Bank of India has received an application from the GSFC for a licence to commence banking business under section 5 of the Banking Regulation Act,

(a) The application is being processed by Reserve Bank of India.

(b) and (d) It has been stated in the application that the bank would be promoted by leading corporations 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 in this regard is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED):

(a) It would be 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 functional 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. AHRI 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 the year 1990 was 1034 and the amount involved was Rs. 8598.36 lakhs and Ugandan Shillings 4597787.

(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 all 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 awardees and others. RBI has further reported that investigations are conducted by staff of Vigilance Cells and services of Internal Inspection Department as well as other experienced staff are also utilised for this purpose.