

Bank of India to consider giving Licenses to start Urban Cooperative Banks by the minorities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) No. Sir.

(b) and (c) The present policy of Reserve Bank of India (RBI) is to allow, establishment of primary co-operative bank on the basis of need, potential and prospects of the proposed primary co-operative bank to attain viability within the stipulated time. No primary co-operative bank is to be established on the basis of caste / creed / profession / avocation or a specific section of population or society. RBI has reported that they have not received any proposal specifically for setting up of primary co-operative bank by Minorities.

Housing Loans by Urban Co-operative Banks

6445. SHRI K. RAHMAN KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether advances by Urban Co-operative Banks for construction of houses above Rs. 25,000/- is considered as non-priority sector advance by Reserve Bank of India (RBI);

(b) if so, whether it is not against the national policy to promote housing; and

(c) whether Government consider directing the RBI to consider advances upto Rs. 5 lakhs by Urban Co-operative Banks as priority sector advance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) Reserve Bank of India (RBI) has reported that under their extent instruction, housing loans extended by Urban Co-operative Banks (UCBs) upto Rs. 25,000/- are allowed to be reckoned to wards priority sector. As UCB has been conceived as small man's institution, and its endeavour is to extend loan

facilities to the persons of low income groups, the limit of Rs. 25,000/- towards priority sector was considered reasonable to ensure that more and more housing loans from UCBs may go to the persons of smaller means. However, Reserve Bank of India has decided to enhance the present limit of Rs. 25,000/- to Rs. 2 lakhs and the same would be permitted to be shown as priority sector advances.

Bank Credit to Industry and Commerce

6446. SHRI O.P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether Government had promised that the reforms would reduce bank lending to Government and increase credit to industry and commerce;

(b) whether out of the additional deposits of Rs. 45,000 crore garnered by the banks in 1993-94, barely Rs. 7,500 crore could be lent out as productive credit to industry and commerce; and

(c) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) One of major ingredients of the banking reforms is to reduce the preemption of banks' resources by the Government by bringing down the Statutory Liquidity Ratio and releasing the same for bank lending to the commercial/productive sector.

(b) and (c) During 1993-94 (March 31 to March 18), out of additional deposits of Rs. 45243 crore, credit to non-food commercial sector rose by Rs. 7477 crore. Among the reasons for modest expansion of bank credit to the commercial sector are (a) careful selection of the borrowers as well as assets by the banks under new provisioning and capital adequacy norms, (b) increased resort to the capital and money market for funds by the corporate sector and (c) relatively slow growth of

industrial production in 1993-94. Banks on their own have invested substantially in government securities because of there attractive market related yields and zero riskiness.

Fraudulent Transactions by Officials of National Housing Bank

6447. SHRI VIRENDRA KATARIA: Will the Minister of FINANCE be pleased to state:

(a) the names of the officials of National Housing Bank who were responsible for lending Rs. 1214 crore to Harshad Mehta through fraudulent transactions during the period from October, 1991 to April, 1992;

(b) whether the CBI has approached the Ministry for permission to prosecute their affairs, if so, when and the action taken on the request of CBI; and

(c) what are the specific charges for which the officers are proposed to be proceeded against?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) National Housing Bank has reported that a complaint has been filed with CBI, *inter alia*, indicating involvement of 2 of its officials namely Shri C. Ravi Kumar, Asstt. General Manager and Shri S. Suresh Babu, Asstt. Manager in connection with irregularities in securities transactions on ready forward basis aggregating Rs. 1214.30 crores.

(b) CBI requested National Housing Bank in the last week of January, 1994 for issue of sanction orders for the prosecution of C. Ravi Kumar and S. Suresh Babu, National Housing Bank has issued sanction orders for the prosecution of the above two officials.

(c) S/Shri C. Ravi Kumar and S. Suresh Babu have been charged by CBI for offences punishable under Section 120 B IPC r/w 420 IPC, 468, 471, 477A IPC and 13(2) r/w 13(1) (d) of Prevention of Corruption Act, 1988

and substantive offences u/s 13(2) r/w 13(1) (d) of the P.C. Act, 1988 and S. 477-A IPC.

Banks in Orissa

6448. SHRI RAHASBIHARI BARIK: Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that the Nationalised Banks in Orissa have not been meeting the working capital needs of the small industries of the state;

(b) if so, the reasons for the failure of the banks to cater to the needs of the small industries in that state;

(c) whether Government of Orissa has taken decision to withdraw its deposits with the banks; and

(d) if so, the reaction of the Central Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (d) The information is being collected and will be laid on the Table of the House to the extent available and permissible under the Rules.

Preferential Allotment of Shares

6449. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) what are the reasons due to which preferential allotment of shares to the promoters is still continuing;

(b) whether Government propose to do away this practice; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) Preferential allotments of shares to promoters are legally permissible under Section 81(1A) of the Companies Act, 1956.

(b) and (d) Government has taken no