decission to do away with this practice.

Funds for Investment in Shares

6450. DR. SHRIKANT RAMCHANDRA JICHKAR: Will the Minister of FINANCE be pleased to state:

(a) what are the names of the nationalised banks that have introduced activities to garner funds for investments in shares in joint stock complanies listed in the stock exchange;

(b) what is the estimated amount of their investment as on date;

(c) whether these activities are administered by the banks themselves;

(d) what are the liabilities of these banks in case of mismanagements of funds; and

(e) whether these funds are audited by Chartered Accountants?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) State Bank of India, Bank of India, Canara Bank, Punjab National Bank and Indian Bank are the public sector banks that have been permitted to collect funds through Mutual Funds for investment in the shares of joint stock companies listed in the Stock Exchanges.

(b) The estimated amount of their investment as on 31.03.1993 as reported by the Reserve Bank of India (RBI) was Rs. 5953.5 crores.

(c) and (d) The banks are not permitted to administer these activities themselves. In terms of SEBI (Mutual Fund) Regulations 1993, banks are required to set up Asset Management Companies (AMC) for managing the investments of the Mutual Funds. The Asset Management Companies are independent corporate entities under the Companies Act with a separate Board of Directors.

(e) The accounts of the Mutual Funds are required to be audited by Chartered Accountants under Regulation 53 of SEBI (Mutual Fund) Regulations 1993.

Credit Policy Adopted by R.B.I.

6451. SHRI TULASIDAS MAJI:
DR. SHRIKANT RAMCHANDRA JICHKAR:

Will the Minister of FINANCE be pleased to state:

(a) what are the details of the present credit policy adopted by the RBI;

(b) what would be the overall effect of the credit policy on the production sector; and

(c) whether restraint in the expansion of money supply will still continue; and if so, for how much time?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) Reserve Bank of India (RBI) announced the Credit Policy for the second half of 1993-94 on October 11, 1993. The overall objective of the Credit Policy was to ensure that adequate support was provided by banking sector to the revival of output. Keeping in view the fact that the lendable resources of the banking system had increased significantly measures were taken to enhance credit facilities for borrowers so as to ensure that inadequate credit did not hinder the growth of the economy. The Credit Policy laid emphasis on the need for banks to meet the genuine and felt credit requirements of borrowers. Banks were urged to ensure that the delegated credit sanctioning powers were duly exercised and it was emphasised that the hesitancy of banks in taking credit decisions needed to be overcome. Some of the major measures taken by RBI in the Credit Policy announced in October, 1993 were reduction in Statutory Liquidity Ratio (SLR), modifications in the Export Credit Refinance facilities, changes in the composition of priority sector lending allowing greater discretion to banks in deciding the credit limits of borrowers subject to observance of prescribed prudential norms, etc.

(b) RBI has reported that besides significantly reducing the preemption of resources of the Banking system, various measures taken were expected to enhance credit facilities for borrowers so as to ensure that inadequate credit did not hinder the growth of the economy.

(c) RBI has reported that moderation in monetary growth in necessary to check inflationary pressure from gathering momentum.

R.B.I Credit to Central Government

6452. SHRI V. RAJESHWAR RAO:
DR. SHRIKANT RAMCHNDRA JICHKAR:

Will the Minister of FINANCE be pleased to state:

(a) what are the details of the monetary programme for 1994-45;

(b) what is the current ceiling on the net credit from Reserve Bank of India to Central Government; and

(c) what proportion of this credit is dependent on the Central Budget deficit which it has to finance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) The monetary policy for the first half of 1994-95 has not so far been announced by R.B.I.

(b) To prevent unlimited recourse to the RBI by Government through issue of adhoc treasury bills, the budget (speech) proposed that the net issue of such bills for 1994-95 should not exceed Rs. 6000 crore and that their amount should not exceed Rs. 9,000 crore for more than ten continuous working days at any time during the year. This will serve to restrain the growth of reserve money and hence that of money supply. Net RBI credit to Government will also depend on other factors such as the open market operations of the RBI.

(c) The Centre's budget deficit which represents the variations in 91-day treasury bills of the Government of India, adjusted for changes in cash balances has historically formed a major but variable proportion of net RBI credit to Central Government.

Setting of a Separate Audit Commission

6453. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to set up a separate Audit Commission to audit the accounts of the banks,

(b) if so, the details; and

(c) if not, the reasons therefor?

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

(b) Does not arise.

(c) The present system of inspection and audit in banks include RBI inspection, statutory audit by outside auditors and regular system of internal inspection / audit by banks themselves. Banks also carry out other types of inspection / audit such as short inspections for various specific purpose, special spot scrutinies for investigation complaints, income and expenditure audit, port-folio inspection, concurrent audit etc. The existing system is being toned up in response to the weaknesses and rigidities in the system. RBI are also setting up a Supervisory Board under their aegis. The proposed Supervisory Board for Financial Supervision would be a high powered one and will act as a watch dog agency. It would thus be observed that there are sufficient checks already in place or planned for ensuring external audit and inspection of commercial banks. In view of this, a