

Boards of Directors of RBI

146. SHRI MENTAY
PADMANABHAM:
SHRI KAMAL MORARKA:
DR. JINENDRA KUMAR
JAIN:

Will the Minister of FINANCE be pleased to state:

(a) what is the procedure and norms for the constitution of board of directors for the Reserve Bank of India under RBI Act, 1934;

(b) whether it is a fact that the present board of directors though inducted for a four year term in 1983 is being continued till now;

(c) if so, what are the reasons for ignoring the provisions of the RBI Act;

(d) whether there is any proposal under Government's consideration to reconstitute the Board of Directors of the Reserve Bank; and

(e) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SH. DALBIR SINGH): (a) to (c) In terms of the provisions contained in section 8 of the Reserve Bank of India Act, 1934, the Central Board of Directors of the Reserve Bank of India shall consist of, among others, ten non-official directors to be nominated by the Central Government. These directors shall hold office for a period of four years and thereafter until their successors are nominated. At present, eight non official directors, appointed during 1983—86, are in position. Though their four year tenures have expired, they are continuing in position pending appointment of their successors as per the provisions of the Reserve Bank of India Act, 1934. Government have already initiated necessary steps for reconstitution of the Central Board of Directors of the Reserve Bank of India.

Proposal to amend Income Tax Act, 1961

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

(a) whether there is any proposal under Government's consideration to amend the Income-Tax Act, 1961 so as to bring it at par with the prevailing international tax system;

(b) whether there is also any proposal to bring about the unified Direct/Indirect tax codes in the light of this recommendation made by the Chelliah Committee; and

(c) if so, what is the present stage of progress in the matter and by when the proposed legislation is likely to be brought before Parliament?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) The developments in the international tax system are kept in view while formulating tax policies. This is an on-going process.

(b) and (c) The steps have been taken to formulate unified Direct and Indirect Tax Codes prior to the receipt of recommendations of the Chelliah Committee. The draft of Direct Tax Code is under examination of the Government. It would not be possible to give a time frame when the proposed legislation is likely to be introduced. The draft on the Indirect Tax Code is yet to be received.

Losses incurred by Vijaya Bank

148. SHRI MATANG SING: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Vijaya Bank has been running into losses during the current financial year.

(b) whether it is also a fact that the former Chairman has allowed advances to various private Companies without bothering about the financial conditions of the bank; and

(c) if so, what are the names of the companies to which advance of more than five crores rupees has been made during the current financial year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) The annual accounts of Vijaya Bank for the current year ending 31st March, 1993 are yet to be finalised.

(b) According to Vijaya Bank, the previous Chairman had granted advances to borrower clients after complying with the lending norms of the bank and the norms stipulated by the Reserve Bank of India.

(c) In accordance with the statutes governing the public sector banks, information relating to, or the affairs of, their constituents is not divulged.

Appointment of non-official members on Bank Boards

149. SHRI S.S. SURJEWALA: Will the Minister of FINANCE be pleased to state:

(a) whether the policy of appointment of non-official members on the Board of Directors of Nationalised Banks has been successful, if not, the reasons therefor;

(b) what is the criteria/norms/qualifications of a non-official member on the basis of which appointment to the Board of Directors are made and whether the policy has been strictly adhered to or not; and

(c) whether Government propose to change the composition of the Board of Directors to ensure the efficient and smooth running of the Banking Industry in the light of the recent scam?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) to (c) Non official directors on the boards of the nationalised banks are appointed in accordance with the norms and criteria prescribed in the Nationalised Banks (Management and Miscellaneous

Provisions) Schemes, 1970 and 1980. These directors are to be appointed by the Central Government after consultation with the Reserve Bank of India. The norms/criteria prescribed in the above schemes are adhered to while making appointments of non official directors on the boards of the banks.

There is no proposal under the consideration of the Government to change the composition of the Board of Directors as provided in the Schemes. However, while filling up vacancies, it would be the endeavour of the Government to appoint persons with professional knowledge and practical experience in matters useful for the working of the nationalised banks.

Reforms in Banking Industry

150. SHRI S.S. SURJEWALA: Will the Minister of FINANCE be pleased to state:

(a) what are the recommendations of the Narasimham Committee Report on Banking Industry which have already been accepted/implemented by Government and which are the recommendations that remain to be accepted/implemented together with the reasons for their non-acceptance/non-implementation;

(b) whether there is any proposal under Government's consideration for the denationalisation of the Banking Industry and for clubbing the various banks, if so, the details thereof;

(c) whether it is a fact that the Banking Industry is going to be a sick industry by the year 2000 A.D. as three banks are already in the red and more are on the verge of going sick if so, what steps Government propose to take in this regard; and

(d) whether Government are contemplating to take the power in its own hands to recover the outstanding dues as a land revenue to accelerate their recovery?