

was issued by the Reserve Bank of India (RBI), to all the Scheduled Commercial Banks (excluding Regional Rural Banks).

(b) The circular reiterates to banks mainly the following existing instructions:

(i) The accounts maintained with RBI should be utilised only for enabling them to fulfill their statutory obligations, settlement of transactions with RBI/ Government, settlement of inter-banks transactions or adverse clearing balances and not for facilitating credit to accounts of third parties.

(ii) Crediting of proceeds of 'Account Payee' cheques to parties otherwise than in pursuance of clearly delineated instructions of issuer of such cheques is unauthorised and should not be done under any circumstances.

(c) RBI has reported that during the recent detailed examination of securities transactions of banks and institutions carried out by the officials of RBI, it was revealed that contrary to the existing instructions the banks have undertaken large value transactions with third parties on a significant scale by means of cheques drawn on their accounts maintained with RBI in the names of other banks maintaining accounts with RBI. It was also noticed that banks have credited cheques drawn in their favour by other banks marked 'Account Payee' to the accounts of constituents even when they are not named in the cheques as the beneficiaries.

In view of the above revelations, RBI considered it necessary to reiterate its existing instructions to banks in this regard.

Liberalisation of NRI Investment Norms

124. SHRI SUSHIL KUMAR
SAMBHAJIRAO SHINDE: DR.
SANJAYA SINH:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have lately decided to further liberalise NRI investment norms removing the condition of dividend balancing in high exports-earnings;

(b) if so, the details of the liberalisation scheme; and

(c) the NRI's response thereto by way of investment in priority and non-priority areas?

THE MINISTER OF STATE, IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes, Sir.

(b) The condition regarding balancing of dividend payments through export earnings over a period of 7 years from the commencement of commercial production of the company in high priority industries has been removed in the case of NRI investments. This condition will, however, continue in respect of consumer goods sector.

(c) Approvals for investment by NRI from 1990 are indicated below:

(Rs. crores)	
Year	Amount
1990	5.24
1991	19.70
1992 Up to end September	284.21