

While Public Sector Banks have to ensure that they earn profits on their operations, they are primarily required to sub-serve the interests of national banking policies which aim at increased lending to priority sectors. Scheduled Castes/Scheduled Tribes and other Weaker Sections of the society at concessional rates of interest. These banks are also required to assist the sick units at concessional rates of interest. Besides, advances for food procurement through Government agencies and investments in Government Securities also effect their profitability.

Public Sector Banks are also required to open a large number of branches in backward areas which take a longer period of gestation to break-even. The obligations of foreign banks operating in India in such matter are limited.

Working group on system of inspection of banks

997. SHRI M. KALYANASUNDARAM: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a working group to review the existing system of inspection of banks had submitted its report in 1983; and

(b) if so, what are the recommendations of the group and what action has been taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) A Working Group was appointed by Reserve Bank of India in December, 1981 to review the existing system of inspections of commercial banks, Regional Rural Banks and urban co-operative banks. This Group submitted its report to Reserve Bank of India in October, 1983.

(b) The Working Group has recommended changes in the periodicity of inspections carried out by Reserve Bank of India, which inspections should *inter-alia* aim at effecting improvements in the operations of the banks in regard to quality of ad-

vances, capital adequacy, quality of management and internal control and administration. The Group has also suggested modifications in the procedure for selection of branches taken up for inspection. The recommendations were considered by Reserve Bank of India and suitable instructions for implementing accepted recommendations have been issued by them to their regional offices.

Visakhapatnam Steel Plant

998. SHRI M. KALYANASUNDARAM:

SHRI SATYA PRAKASH MALAVIYA:

SHRI VIRENDRA VERMA:

Will the Minister of STEEL, MINES AND COAL be pleased to state:

(a) whether it is a fact that the Visakhapatnam Steel Plant which was originally supposed to cost Rs. 2590 crores is now estimated to cost Rs. 8000 crores at 1984 prices;

(b) if so, what are the reasons therefor; and

(c) what is the progress made in its construction and when it is expected to be completed?

THE MINISTER OF STATE IN THE DEPARTMENT OF STEEL (SHRI K. original estimated cost for the Visakhapatnam Steel Project was Rs. 2256 crores (first quarter 1979 prices). The cost estimated of the project were revised and based on fourth quarter 1981 prices, the revised estimate was 3897.28 crores; this was approved by Government in 1982. The main reasons for the increase in the estimated costs were increase in prices as well as adoption of latest technologies and changes in the scope of work.

The revised estimate of capital costs for the project taking into account the price escalation since the fourth quarter of 1981 has not yet been finalised.

(c) The status of construction of the project as on 1-3-1985 is as under:—

S.No.	Item	Total estimated quantity	Cumulative schedule	Cumulative Actual
1	Concreting (Cubic Metres)	2952736	1382942	1375682
2	Strl. Fabrication (Tonnes)	465924	162845	161107
3	Strl. Erection (Tonnes)	465924	66655	61327
4	Eqpt. Ordering (Tonnes)	457738	276959	267413
5	Eqpt. Erection (Tonnes)	457738	10856	9294
6	Refr. Erection (Tonnes)	180000	28114	27096

The first stage of the project is scheduled for commissioning in 1987-88 and the entire project by 1991-82.

Bihar Government's decision to run coal mines with private collaboration

999. SHRI H. L. KAPUR:

SHRI M. KALYANASUNDARAM:

Will the Minister of STEEL, MINES AND COAL be pleased to state:

(a) whether the Bihar Government have decided to operate coal mines in collaboration with private entrepreneurs by forming joint sector companies;

(b) whether it is a fact that the transaction with the parties concerned was completed by the State Government;

(c) whether the Coal India Limited was consulted in this matter;

(d) whether it is also a fact that the parties selected are not financially and technically sound and there are cases against them filed by the office of the Director General of Mines Safety for illegal mining and violating safety rules and that there are certificate cases pending in court for non-payment of cess and royalty and theft of coal; and

(e) if so, what action the Central Government are taking in the matter?

THE MINISTER OF STEEL, MINES AND COAL (SHRI VASANT SATHE):

(a) to (e) The Government of Bihar had intimated their intention to run some of the coal mines situated in isolated pockets alongwith two mines (Khas Jageshwar and Jageshwar) in respect of which the Supreme Court had earlier given clarificatory order that they could be worked in accordance with the rules and regulations. The State Government had also informed that these mines were proposed to be worked by their Bihar State Mineral Development Corporation, as a holding company, through a subsidiary, with Bihar State Minerals Development Corporation holding 51 per cent of the share capital and private enterprise the balance 49 per cent.

The State Government of Bihar has been informed that no prospecting licence or mining lease for coal mining can be granted except with the previous approval of the Central Government under Section 5(2) of the Mines and Minerals (Regulation & Development) Act, 1957. They have also been told to advise the Bihar State Minerals Development Corporation not to start coal mining operations without complying with the provisions of the law.