

(c) RBI has reported that on receipt of fraud reports from banks, various aspects related to the frauds are examined and concerned banks are advised to report the case to CBI/Police/SFIO, examine staff accountability, complete proceedings against the erring staff expeditiously, take steps to recover the amount involved in the fraud, claim insurance wherever applicable and streamline the system as also procedures so that frauds do not recur.

Reserve Bank of India as a part of its supervisory process has taken following measures to prevent/reduce the incidence of frauds:

- i) Sensitizes banks from time to time about common fraud prone areas through issuance of *modus operandi* circulars on various types of frauds and the measures to be taken by them.
- ii) Issues Caution Advices in respect of borrowers who have defrauded the banks. In the Caution Advice the banks are advised to exercise due diligence while considering proposals for fresh loan facilities from such borrowers.

In the past, considering various concerns arising out of banks' operations, including incidents of frauds, RBI had advised the banks to:

- a) Introduce a system of concurrent audit.
- b) Review working of internal inspection and audit machinery in banks by the Audit Committee of the Board of Directors.
- c) Constitute a Special Committee of the Board exclusively for monitoring frauds of Rs. 1 crore and above.

#### **Checking of rising prices by curtailing taxes**

†644. SHRI RAMCHANDRA PRASAD SINGH:

SHRI RAM JETHMALANI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the unbearable price-rise can be checked by curtailing taxes in the country;

(b) if so, the reaction of Government thereto;

(c) whether the State Governments have been requested to provide relaxation in the local taxes;

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†Original notice of the question was received in Hindi.

(d) if so, the details thereof; and

(e) the reaction of the State Governments in this regard alongwith the steps taken in this direction so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) Price rise is not only because of taxes but depend on various other factors mainly demand and supply. In order to contain prices, semi milled or wholly milled, rice, wheat, pulses, sugar, all crude edible oils, and onion have been fully exempted from basic customs duty. The basic customs duty on refined edible oils has also been reduced to 7.5% *ad valorem*.

An Inter-Ministerial Group (IMG) has been set up under the Chief Economic Adviser, Ministry of Finance to review the overall inflation situation, with particular reference to primary food articles. The IMG will, *inter alia*, review production/ rainfall trends and build an institutional machinery to read warning signals, assess international trends, recommend action on fiscal, monetary, production, marketing, distribution and infrastructure fronts to prevent price spikes, and suggest measures to strengthen collection and analysis of data and forecasting.

(c) This Ministry has not requested the State Governments to provide relaxation in the local taxes.

(d) and (e) In view of reply to part (c) above, questions do not arise.

#### **Shortage of manpower in PSU banks**

645. DR. K.V.P. RAMACHANDRA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that public sector banks are suffering from shortage of manpower;

(b) if so, the reasons therefor;

(c) the details of estimated shortage, bank-wise; and

(d) the steps being proposed to be taken in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (d) The banks have been granted managerial autonomy which inter-alia includes framing of