Banks are regulated by the Reserve Bank of India (RBI). In order to protect the interests of the depositors, the RBI had issued prudential regulations and other guidelines/instructions from time to time. Further, guidelines have also been issued on ownership and governance in the Private sector banks, which include minimum capital requirement, pattern of shareholding, corporate governance, foreign investments etc. To ensure the ultimate ownership and control of private sector banks is well diversified, it was stipulated that no single entity or group of related entities has shareholding or control, directly or indirectly, in any bank, in excess of 10% of the paid up capital of the private sector bank and in cases where ownership is that of a corporate entity, no single individual/entity has ownership and control in excess of 10% of that entity.

(c) to (e) Yes, Sir. Pursuant to the announcement made in the Budget for 2010-11 on licensing of new banks, the RBI has issued guidelines for licensing of new banks in private sector on 22nd February, 2013.

A Non Operative Financial Holding Company (NOFHC) structure has been envisaged in the guidelines for licensing of new banks that would ring-fence the regulated financial services entities of the Group, including the bank from other activities of the Group (*i.e.*, commercial, industrial and financial activities not regulated by financial sector regulators) and also that the bank would be ring-fenced from other regulated financial activities of the Group. A regulatory framework for the NOFHC covering, *inter alia,* areas of corporate structure, corporate governance, exposure and other prudential norms has been prescribed in the guidelines. Further, the bank cannot take any credit and investments (including investments in the equity/debt capital instruments) exposure on the Promoters/Promoter Group entities or individuals associated with the Promoter Group or the NOFHC. All prudential norms applicable to existing banks will also be applicable to the new banks.

**Rise in terror financing in the country**

2405. SHRI ARVIND KUMAR SINGH:
SHRI PRABHAT JHA:
SHRIMATI KUSUM RAI:
SHRI ALOK TIWARI:

Will the Minister of FINANCE be pleased to state:

(a) Whether as per the recent report of the Ministry, there is three fold rise in terror financing in the country 2011-12 in comparison to 2010-11;

(b) if so, the details thereof, year-wise;

(c) the squrce of terror financing in India, identified by Government;

d) whether suspicious transactions reports have also doubled during the period;

(e) if so, the details thereof; and

(f) the reasons for failure of financial intelligence agencies to check rise in cases of terror financing and act on suspicious transaction reports?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) National Investigation Agency (NIA), the central investigation agency is currently investigating a total of 10 cases related to terror financing. The breakup of the cases year wise (excluding 2009-10) is as under:

| Financial Year | Number of Cases |
|---|---|
| 2010-11 | 3 |
| 2011-12 | 2 |
| 2012-13 | 2 |
| TOTAL | 7 |

(c) Terrorists and separatists in the country receive funding through a combination of Hawala, Bank accounts, Money Transfer Service Scheme (MTSS) Debit Card, Fake Indian Currency Notes and acts of extortion.

(d) and (e) The total number of Suspicious Transaction Reports (STRs) received in Financial Intelligence Unit, India (FIU-IND) was 20,698 STRs in 2010-11 and 31,317 during 2011-12 representing an increase of 51.3% as reported in the FlU-IND's Annual Report for 2011-12.

(f) To address the multi-dimensional aspects of illegal inflow of funds for terrorist activities, several agencies such as Reserve Bank of India, Ministry of Home Affairs, Security and Intelligence agencies of the Centre and States etc. are working in tandem to have effective check. Further, based on the experience gained and gaps identified, Government continuously upgrades technical, coordination and forensic capabilities of the Central Intelligence and investigation Agencies to effectively deal with the threat.

Certain amendments have been made recently to the Unlawful Activities (Prevention) Act, 1967 and the Prevention of Money-laundering Act (PMLA) which strengthens the legal regime further to combat terrorism in all its manifestations including financing of terrorism and benefits from proceeds of terrorism.

The Government of India has constituted a separate cell *i.e.* cell for Combating Funding of Terrorism (CFT Cell) in the Ministry of Home Affairs. Further, Ministry of Home Affairs has also constituted a Terror Funding and Fake Currency Cell (TFFC) in the National Investigation Agency (NIA) to focus on Terror Funding and Fake Currency cases.

**Losses to country due to chronic diseases**

2406. SHRI T.M. SELVAGANAPATHI: Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether it is a fact that according to the World Health Organisation, neglect of chronic diseases in India cost the country $ 9 billion in 2005 due to premature deaths caused by heart disease, stroke and diabetes;

(b) if so, the details thereof;

(c) whether it is also a fact that over a period of time, the losses are projected to rise to a colossal aggregate of $ 237 billion; and

(d) if so, the details thereof?

THE MINISTER OF HEALTH AND FAMILY WELFARE (SHRI GHULAM NABI AZAD): (a) and (d) As per the working paper of World Health Organisation entitled "An estimation of the economic impact of chronic non-communicable diseases in selected countries" the estimated loss in national income of India in 2005 is $ 9 billion from heart disease, stroke and diabetes. The paper also reveals that the accumulated loss in 2005's value over a ten year period would be $236.6 billion for India.

However, the model is based on various assumptions which may affect accuracy of estimates.