

(c) if so, the suggestions made by State Governments, which are under consideration of the Central Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) to (c) In para 9 of his Budget Speech 2014-15, the Union Finance Minister has announced that: “The debate whether to introduce a Goods and Services Tax (GST) must now come to an end. We have discussed the issue for the past many years. Some States have been apprehensive about surrendering their taxation jurisdiction; others want to be adequately compensated. I have discussed the matter with the States both individually and collectively. I do hope we are able to find a solution in the course of this year and approve the legislative scheme which enables the introduction of GST. This will streamline the tax administration, avoid harassment of the business and result in higher revenue collection both for the Centre and the States. I assure all States that government will be more than fair in dealing with them.”

Penalties imposed on co-operative banks

1462. SHRI ARVIND KUMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) the details of the Acts/Rules under which the Reserve Bank of India (RBI) has powers to impose penalties on private and Urban Co-operative Banks (UCBs);

(b) whether these provisions allow RBI to give wide publicity of these penalties, through electronic or print media and if so, the details thereof;

(c) the reasons therefor as many UCBs risk failure of business as they are not strong enough to withstand the run on deposits and loss of public faith; and

(d) whether RBI would be restrained from giving publicity of such penalties and if so, by when and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) Section 47A of the Banking Regulation Act, 1949, empowers Reserve Bank of India (RBI) to impose penalties on banking companies for contraventions or defaults laid down in Section 46 of the Act. For the propose of adjudging the penalty, the RBI is required to serve notice on the banking company asking it to show cause why the amount specified in the notice should not be imposed. Further, the RBI is required to give a reasonable opportunity of being heard to such banking company.

Section 47A read with Section 56 of the Banking Regulation Act 1949, empowers RBI to impose penalties on co-operative banks.

(b) to (d) Section 47A is silent on publication/publicity by RBI of its penalty orders. However, on the basis of an administrative decision, RBI publishes a short statement of imposition of penalty in appropriate cases. RBI is cognisant that in any policy of transparency, there is a need to build processes which ensure that the benefits of supervisory disclosure are appropriately weighed against the risk to all stakeholders. Circumspection in disclosure by the supervisors arises from the potential market reaction that it may trigger, which may not be desirable. The imposition of penalty on a bank is decided after a due process of advising the bank and seeking its explanation so as to afford a reasonable opportunity to the bank for being heard. Considering this and consistent with international best practices in disclosure of penalties imposed by the regulator, it was decided that disclosure of the details of levy of penalties on a bank in public domain will be in the interest of the investors and depositors.

The RBI *vide* its circular dated October 19, 2004 on 'Enhancement of Transparency of Bank's Affairs through Disclosures' provides for a mode of disclosure of penalties in respect of commercial banks (excluding Regional Rural Bank). The mode of disclosure of penalties is as under:

- (i) A Press Release will be issued by the RBI giving details of the circumstances under which the penalty is imposed on the bank alongwith the communication on the imposition of penalty in public domain.
- (ii) The penalty should also be disclosed in the "Notes on Accounts" to the balance sheet in the concerned bank's next Annual Report.

Generation of black money through GPN

1463. DR. BHALCHANDRA MUNGEKAR: Will the Minister of FINANCE be pleased to state:

- (a) whether the Ministry agrees to the fact that the Global Participatory Notes (GPN) are one of the main causes of the generation of black money;
- (b) if so, whether the Ministry will take steps to abolish them, and if so, the time-frame for their abolition; and
- (c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) There is no specific information to suggest