

also been diversifying their operations in related fields like leasing, Merchant Banking, Housing and mutual fund.

(d) The existing system of Management, audit and Inspection as also the vigilance machinery in public financial institutions and public sector banks is working smoothly. Keeping in view these facts as also the nature of the commercial operations of these Banks and the need for a proper mix of autonomy and accountability in public sector banks, it is not considered necessary to entrust management and the audit of these organisations to any separate Banking authority of India.

Misuse of Loans in Himachal Pradesh

351. SHRI K.D. SULTANPURI: Will the Minister of FINANCE be pleased to state:

(a) the details of loans provided to different institutions including Governmental bodies of Himachal Pradesh for developmental projects during the current financial year;

(b) the conditions for such loans;

(c) whether the Union Government have received any reports about the misuse of such loans; and

(d) if so, the details thereof and the action taken thereon?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE AND DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH): (a) to (d). The total bank credit of all scheduled commercial banks in Himachal Pradesh was Rs. 462.01 crores in March, 1990. The same was Rs. 473.64 crores as on June, 1990 (the latest figures available). This gives the CD ratio of 38.8 per cent for Himachal Pradesh.

The loan proposals received from individuals or corporate bodies or public sector institutions are examined on their merits by the individual banks keeping in view the guidelines issued by Reserve Bank of India (RBI) from time to time. It has to be ensured that loans and advances are made keeping in view the following basic objectives:

- (i) To grant advances on a sound and realisable basis.
- (ii) To invest the bank's funds profitably subject to instructions and advice of RBI in the matter of lending to specified sectors where considerations of profitability have to be harmonised with wider national objectives.
- (iii) To serve the legitimate credit needs of the community in its areas of operations for productive and other desirable purposes.

The banks are also required to have an efficient system of monitoring by way of an internal reporting system, inspection and review.

The data reporting system provides information on the overdues on banks' loans for agricultural sector. The percentage of overdues to demand on banks' loans to agriculture in Himachal Pradesh was 59.2. The management of the banks review periodically the health of the account and takes remedial steps to ensure the proper conduct of accounts and recover the overdues within legal framework provided.

[*Translation*]

Loan to SCs/STs Setting up Industries

352. SHRI RAM LAL RAHI: Will the Minister of FINANCE be pleased to state: