SHRI M.R. KADAMBUR JANARTHANAN : Mr. Speaker, Sir, the Minister has in his answer stated that the Special Import Licence Route (SIL) is limited. I want to have a clarification in this regard. What do you mean by "limited?" Will it not affect the export market? Whatever may be the Uruguay Round Agreement, smuggling of the synthetic textiles will be institutionalised by your licence. Therefore, I want to know from the Government that whether in order to improve our export, the SIL will be given only to persons who are actually manufacturing the garments and exporting the garments or not. Only that category should get the Special Import Licence. Then only the export market will not be affected. What is the Government's reply to this point?

SHRI G. VENKAT SWAMY : Sir, during the year 1994-95, the Special Import Licences worth about Rs. 1200 crores were issued.

SHRI M.R. KADAMBUR JANARTHANAN : I do not want all these details. You have stated that the SIL Route is limited. If it is limited, will it be given only to the actual manufacturers who are exporting the garments?

SHRI G. VENKAT SWAMY : How can I give the details regarding export production?

MR. SPEAKER : You please examine it.

(Interruptions)

MR. SPEAKER : It is a suggestion. You get it examined.

[Translation]

SHRI GEORGE FERNANDES : Mr. Speaker, Sir, Hon. Minister has given a misleading reply to the question regarding issuance of licence etc. He could not give any proper reply. Apart from it free trade has been started between Burma and India through More in Manipur and today China is sending clothes on large scale in India which is unaccounted. In the same way China is also sending cloth via Nepal which is being sold in Indian market. Earlier this cloth was sold in border area only but today these readymade garments and other clothes are being sold in many metropolitan cities. Whether the Government propose to stop it? It is a problem of weavers but it will not be limited to them, and ultimately it will harm and whole textile industry. Along with it, import of clothes are being advertized openly. Suit length imported from Britain is being sold in the market at a rate of Rs. 70,000/-. It is being advertized openly. Whether the Government propose to take some measures to stop it and save the textile industry of the country.

SHRI G. VENKAT SWAMY : Mr. Speaker, Sir, in the context of the first question raised by the Hon. Member regarding smuggling of cloth going on between Burma and Manipur I would like to say that it does not relate to my Ministry. It is related to Commerce and Finance Ministries. I do not know the details regarding the agreement signed between Burma and India ...*(Interruptions)*

SHRI GEORGE FERNANDES : Mr. Speaker, Sir, such are the Ministers in the Government of India. Textiles Ministry is also responsible for it.

SHRI G. VENKAT SWAMY : Please give me a chance to speak...*(Interruptions)* What should I do if Hon. Members are not understanding my point. I am trying my best to make them understand. I have information that after this agreement loongi cloth is being exported but I am unaware of the fact that smuggling is going under this agreement via Nepal. I would draw the attention of Finance Minister towards it. I have written a letter to Finance Minister regarding dumping of silk. I have no machinery to prevent smuggling. Finance Ministry will take action on it.

[English]

SHRI K.P. REDDAIAH YADAV : Even after exporting 9.7 billion dollar worth of cloth to foreign countries, as per the GATT agreement we have to import a minimum three per cent of the total production of cloth. That means, even after exports, we have achieved self-sufficiency in cloth. What is the Government of India going to do with the three per cent cloth that we have to import into this country as per the GATT agreement? What are the plans that the Government is having because even after exports also we are self-sufficient in the production of the cloth? When the agreement comes into effect, we have to import a minimum of three per cent of the total production of cloth. What is the Government of India going to do with that cloth? ...*(Interruptions)*

SHRI G. VENKAT SWAMY : There is no minimum market access, Sir. ...*(Interruptions)*

MR. SPEAKER : The Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

[English]

Permission for Opening Private Banks

*364. SHRI MOHAN RAWALE :
SHRI NAWAL KISHORE RAI :

Will the Minister of FINANCE be pleased to state :

(a) the details of the institutions given permission to establish banks in the private sector during 1994-95 alongwith the institutions to whose proposal have been rejected with reasons for such rejections during the same period;

(b) the details of the proposals still pending with the Government for clearance and the date by which these are likely to be disposed of finally;

(c) the details of the norms to be followed by such private banks; and

(d) the criteria being followed for according permission for establishing banks in the private sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHARA MURTHY) : (a) Reserve Bank of India (RBI) has intimated that during 1994-95 while it had given 'in principle' approval to promoters of the Bank of Punjab Ltd. The applications of the following were rejected by RBI for (a) having committed certain irregularities (b) for violation of certain guidelines/directions issued by RBI to non-banking financial companies and (c) for being a fully-owned company of the State Government :

1. Shri R.C. Suneja, former Chairman of New Bank of India
2. Ross Morarka Finance Ltd.
3. Peerless General Finance and Investment Company Ltd.
4. Sahara India Financial Corporation Ltd.
5. Padmaja Financial Services Ltd.
6. Madhya Pradesh Audyogik Vikas Nigam Ltd.

(b) RBI has reported that as on 31.3.1995, 33 applications for setting up new banks in the private sector were pending with it. The names of such applicants are given in Statement-I. These applications are at various stages of processing and it is difficult to indicate, at this stage, the date by which these applications would be finally disposed of.

(c) and (d). The guidelines issued by RBI for setting up banks in the private sector are given in Statement-II.

STATEMENT-I

1	2
1.	Exim Bank Ltd.
2.	ITC Ltd.
3.	Phoenix Overseas Ltd.
4.	Sh. H.T. Patel
5.	Sh. S.P.Y. Reddy
6.	Reliance Industries Ltd.
7.	Ispat Finance Ltd.
8.	Modem Group of Industries.
9.	SRF Ltd.
10.	Shri R.S. Mardia of Mardia Chemicals.
11.	Jain Group of Industries.
12.	CRB Capital Markets.
13.	Negolice Ltd. and Shri Jai Kishan Bhagchandka.
14.	Shri R.P. Goyal.
15.	Diaden Investment and Finance Ltd.
16.	Cox and King Finance Ltd.
17.	Shri Praful Patel.
18.	Shri Jamboo Kumar Bhandari of Alpine Solvex Ltd.
19.	Indian Seamless Financial Services Ltd.
20.	Shri Ramdeo Pittie.
21.	Apple Industries Ltd.
22.	Caparo Group Ltd., London (Shri Swaraj Paul).
23.	Birla Growth Fund.
24.	Srei International Finance Ltd.
25.	DLF Universal Ltd.
26.	Shri Dattaraj Salgaonkar.
27.	Raunaq Finance Ltd.
28.	Shri Gulam Ghouse.
29.	Zaiulla Shariff.
30.	Hathway Investments (Pvt) Ltd.
31.	Ruchi Soya Industries Ltd.
32.	Som Datt Finance Corporation Ltd.
33.	Shri J.C. Luther, IRS (Retd.)

STATEMENT-II

Guidelines on Entry of New Private Sector Banks

(a) Such a bank shall be registered as a public limited company under the Companies Act 1956.

(b) The RBI may, on merits, grant a licence under the Banking Regulation Act, 1949 for such a bank. The bank may also be included in the Second Schedule of the Reserve Bank of India Act, 1934, at the appropriate time. The decision of the RBI in these matters shall be final.

(c) The bank will be governed by the provisions of the Banking Regulation Act, 1949 in regard to its authorised, subscribed and paid-up capital. The minimum paid-up capital for such a bank shall be Rs. 100 crores. The promoters' contribution for such a bank shall be determined by the RBI and will also be subject to other applicable regulations.

(d) The shares of the bank should be listed on stock exchanges.

(e) To avoid concentration of the headquarters of new banks in metropolitan cities and other overbanked areas, while granting a licence preference may be given to those the headquarters of which are proposed to be located in a Centre which does not have the headquarters of any other bank.

(f) Voting rights of an individual shareholder shall be governed by the ceiling of 10 per cent of the total voting rights as stipulated by Section 12(3) of the Banking Regulation Act. However, exemption from this ceiling may be granted under Section 53 of the said Act, to public financial institutions.

(g) The new bank shall not be allowed to have as a director any person who is a director of any other banking company, or of companies which among themselves are entitled to exercise voting rights in excess of twenty per cent of the total voting rights of all the shareholders of the banking company, as laid down in the Banking Regulation Act, 1949.

(h) The bank will be governed by the provisions of the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949 and other relevant statutes, in regard to its management set-up, liquidity requirements and the scope of its activities. The directives, instructions, guidelines and advices given by the RBI, shall be applicable to such a bank as in the case of other banks. It would be ensured that a new bank would concentrate on core banking activities initially.

(i) Such a bank shall be subject to prudential norms in respect of banking operations accounting policies and other policies as are laid down by RBI. The bank will have to achieve capital adequacy of 8 per cent of the risk weighted assets from the very beginning. Similarly, norms for income recognition, asset classification and provisioning will also be applicable to it from the beginning. So will be the single borrower and group borrowers exposure limits that will be in force from time to time.

(j) The bank shall have to observe priority sector lending targets as applicable to other domestic banks. However, in recognition of the fact that new entrants may require some time to lend to all categories of the priority sector, some modification in the composition of the priority sector lending may be considered by the RBI for an initial period of three years.

(k) Such a bank will also have to comply with such directions of the RBI as are applicable to existing banks in the matter of all export credit. As a facilitation of this it may be issued an authorised dealers licence to deal in foreign exchange, when applied for.

(l) A new bank shall not be allowed to set up a subsidiary or mutual fund for at least three years after its establishment. The holding of such a bank in the equity of other companies shall be governed by the existing provisions applicable to other banks viz. :

(i) 30 per cent of the bank's or the invitee company's capital funds, whichever is less, as set out under the Banking Regulation Act, 1949; and

(ii) 1.5 per cent of the bank's incremental deposits during a year as per RBI guidelines.

The aggregate of such investments in the subsidiaries and Mutual Fund (if and when set up) and portfolio investments in other companies shall not exceed 20 per cent of the bank's own paid-up capital and reserves.

(m) In regard to branch opening, it shall be governed by the existing policy that banks are free to open branches at various centres including urban/metropolitan centres without the prior approval of the RBI once they satisfy the capital adequacy and prudential accounting norms. However, to avoid over-concentration of their branches in metropolitan areas and cities, a new bank will be required to open rural and semi-urban branches also, as may be laid down by RBI.

(n) Such a bank shall have to lay down its loan policy within the overall policy guidelines of RBI. While, doing so, it shall specifically provide prudential norms covering related party transactions.

(o) Such a bank shall make full use of modern infrastructural facilities in office equipments, computer, telecommunications etc. in order to provide good customer service. The bank should have a high powered customer grievances cell to handle customer complaints.

(p) Such other conditions as RBI may prescribe from time to time.

[Translation]

Foreign Trade (Regulation and Development) Act, 1992

*365. SHRI KASHIRAM RANA : Will the Minister of COMMERCE be pleased to state :

(a) whether the Government have taken any action against those firms who are not following the provisions of Foreign Trade (Regulation and Development) Act, 1992;

(b) whether the number of those firms is going down due to imposition of penalty under this Act;

(c) if so, the details thereof; and

(d) the steps taken by the Government to curb such activities in future?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM) : (a) to (d). The country's foreign trade is regulated under the Foreign Trade (Development and Regulation) Act, 1992. The Foreign Trade (Regulation) Rules, 1993 have been notified to carry out the provisions of the Act. The Export and Import Policy is formulated and announced by the Government under Section 5 of the Act. Appropriate action for any contravention of the provisions of the Act, Rules or the Policy is initiated against the defaulting firms. The number of firms against whom action has been taken in the past 3 years under the erstwhile