

**Non-Banking Financial Companies**

3523. SHRIMATI BHAVNA BEN DEVRAJ BHAI CHIKHALIA : Will the Minister of FINANCE be pleased to state :

(a) the details of non-banking financial institutions to whom the Reserve Bank of India has issued licences for transacting business, State-wise;

(b) whether some of non-banking financial institutions are not abiding the directions issued by R.B.I.;

(c) if so, the details thereof and action taken against them;

(d) whether the Government are aware that many such institutions have cheated people in Gujarat and also in many other States;

(e) if so, the details thereof, State-wise;

(f) whether the Government propose to impose ban on these institutions; and

(g) if so, by when and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Reserve Bank of India (RBI) does not issue licences to Non-Banking Financial Companies (NBFCs) for carrying on their business.

(b) Yes, Sir.

(c) to (e) As on 30th June, 1996, RBI has prohibited 201 NBFCs including Residuary Non-Banking Companies (RNBCs) from accepting further deposits for violating the Non-Banking Finance Companies (Reserve Bank) Directions, 1977/Residuary Non-Banking Finance Companies (Reserve Bank) Directions, 1987. No NBFC in the State of Gujarat has been prohibited in the recent past.

(f) and (g) For effective and better regulation of the NBFCs, action has been initiated to bring about certain legislative changes in the Reserve Bank of India Act.

[English]

**Rural Banking Network**

3524. SHRI PRAMOD MAHAJAN : Will the Minister of FINANCE be pleased to state :

(a) the details of the present network of rural banks with their Branches in the country to cater the needs of rural credit;

(b) the extent to which those banks and nationalised

banks have been able to cater the needs of the people in the rural areas during each of the last three years;

(c) the number of rural local area banks set up in 1995-96 and proposed to be set up in 1996-97 and 1997-98, State-wise, particularly in Maharashtra; and

(d) the measures taken for reforming the rural banking sector ?

THE MINISTER FOR FINANCE (SHRI P. CHIDAMBARAM) : (a) The National Bank for Agriculture and Rural Development (NABARD) has reported that there are 196 Regional Rural Banks (RRBs) with over 14500 branches spread over 425 districts.

(b) NABARD has reported that the loans outstanding of the RRBs during 1992-93, 1993-94 and 1994-95 are as below :

Year	Number of accounts (in lakhs)	Amount outstanding (Rs. crores)
1992-93	123.82	4627
1993-94	124.22	5253
1994-95	125.98	6291

As far as public sector banks are concerned, the priority sector outstandings as on the last Friday of March of last three years is as below :

Year	Number of accounts (in lakhs)	Amount outstanding (Rs. crores)
March, 94	365.06	53197
March, 95	361.73	61794
March, 96*	355.79	69609

\* Provisional

(c) No local area bank was set up in 1995-96 as the policy permitting the operation of such banks has come into force since July, 1996. Such banks are to be set up in the private sector and as such, the information regarding the number of banks that are proposed to be set up is not available with Government.

(d) Several steps have been taken to strengthen the rural banks, including the RRBs. These include :

(i) With a view to widening the range and scope of services of RRBs have been allowed with effect from 1.1.1994 to finance non-target groups to the extent of 60 per cent of their fresh lending; more discretionary powers have

- been given to them for purchase/discounting of cheques/demand drafts. They have been allowed to issue guarantees on behalf of their customers and have been allowed to install lockers, issue drafts and effect Mail Transfers (MTs) for increasing the range of services.
- (ii) Seventy RRBs with disbursements of less than Rs. 2 crores during 1992-93 have been relieved of the service area obligations and they are allowed to finance throughout the area within their jurisdiction. Remaining RRBs are also allowed to extend loans within their entire command districts subject to their service area obligations.
- (iii) RRBs have been allowed to relocate their loss making branches to relatively better locations viz. commercial centres like market area, village mandies, block and district headquarters, etc. and redeploy concerned staff suitably.
- (iv) 102 select RRBs have been given equity support to the extent of Rs. 374 crores (approx.) by Government of India. A budget provision of Rs. 200 crores has been made in 1996-97 for this purpose.
- (v) All RRBs have been advised to prepare bank specific development action plans to enable them to adopt a systematic approach for their turnaround.
- (vi) Reserve Bank of India (RBI) has recently provided the RRBs access to profitable avenues for investment of their Non-SLR surplus funds in listed and other schemes of Unit Trust of India (UTI), fixed deposits in profit making term lending financial institutions like the Industrial Development Bank of India (IDBI), Industrial Credit Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI), Small Industrial Development Bank of India (SIDBI), in bonds of nationalised banks and profit earning public sector institutions and in non-convertible debentures of reputed blue chip companies. Besides, the RRBs have been permitted by the RBI to deploy a part of their surplus non-SLR funds in the credit portfo-

lio of their sponsor banks through non-risk sharing participation certificates to be issued by the latter.

- (vii) Prudential accounting norms of income recognition and asset classification has been made applicable to RRBs in 1995-96. Provisioning norms would be made applicable in a phased manner from 1996-97.
- (viii) With effect from 26.08.1996 the RBI has deregulated the interest rates that can be charged to the ultimate borrowers by the RRBs.

[Translation]

#### **Foreign Capital for Agro-based Industries**

3525. SHRI S.P. JAISWAL : Will the Minister of INDUSTRY be pleased to state :

(a) the details of the offers received for setting up of agro-based industries in Uttar Pradesh through foreign capital investment during the last three years;

(b) the details of proposals approved and the number of proposals implemented out of them; and

(c) the reasons for delay in implementation of the approved offers?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) The details of the foreign collaboration proposals approved for Uttar Pradesh State including agro based industries during the last three years from 1.1.93 to 30.6.96 are given in the enclosed statement.

The details of such proposals viz. name of Indian company, name of country of foreign collaborator, equity investment involved and item of manufacture activity are published by the Indian Investment Centre as supplement to the monthly News letter and copies of these are regularly supplied to the Parliament Library.

(b) and (c) Implementation details of foreign investment projects are not centrally maintained. Monitoring of the project is primarily done by the State Government since commissioning of most projects depends upon various State level clearances including land, power etc. and gestation period which varies from project to project.