

Losses in Regional Rural Banks

2398. **PROF. RAM KAPSE** : Will the Minister of FINANCE be pleased to state :

(a) whether the Regional Rural Banks have incurred heavy losses during 1990-91;

(b) if so, the details thereof and the reasons therefor; and

(c) the remedial measures taken or proposed to be taken by the Government to prevent losses in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) and (b) National Bank for Agriculture & Rural Development (NABARD) has reported that out of 196 Regional Rural Banks (RRBs), 146 RRBs have so far intimated their working results for the year 1990-91. The working results indicate that 36 RRBs have earned profits amounting to Rs. 18.04 crores, whereas 110 banks have incurred losses amounting to Rs. 61.65 crores.

Some of the reasons for RRBs incurring losses are as under :—

- (i) insufficient average return on advances;
- (ii) restrictions on choice of clientele and the purpose of advances,
- (iii) poor quality of lendings and large scale defaults.
- (iv) Implementation of award of the National Industrial Tribunal

(c) The performance of Regional Rural Banks is continuously monitored by the Central Government, State Govts, NABARD and the Sponsored Banks and appropriate action is taken to improve their working. The share capital of Regional Rural Banks is being raised to Rs. 1 crore each, in a phased manner. Government has already taken a decision to maintain the identity and character of the RRBs. Reserve Bank of India in consultation with NABARD is engaged in evolving a package of financial measures for making the RRBs viable.

Reimbursement of investment made by Government of Orissa on Paradeep Port

2399. **SHRI LOKANATH CHOU-DHURY** : Will the Minister of SURFACE TRANSPORT be pleased to state :

(a) whether the question of reimbursement of initial capital expenditure incurred by the Government of Orissa on Paradeep Port is pending with the Union Government for a long time; and

(b) if so, the details thereof and when the final decision on this issue is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER) : (a) Yes, Sir.

(b) Under the provisions of the Major Port Trusts Act, 1963, the terms and conditions of the repayment of initial capital expenditure incurred in respect of a major port by the Central Government or a State Government is repayable by the Port Trust on such terms and conditions as may be prescribed by the Central Government. The question of finalising such terms and conditions of repayment of the initial capital expenditure incurred by the Orissa State Government in the construction of Paradip Port is under consideration. It is likely that a final decision in this regard may take some more time.

Opening of Branches by Nationalised Banks in Kerala

2400. **SHRI K. MURALEEDHARAN** : Will the Minister of FINANCE be pleased to state :

(a) whether there is any proposal to open new branches of the nationalised banks in Kerala; and

(b) if so, the details thereof and the names of the places where these branches will be opened, bank-wise ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) and (b) Opening of branches of nationalised banks under the extant branch

licensing policy (1990-95) is a continuous process, which is governed by licences issued by Reserve Bank of India in this regard. Hence, at this stage it is not possible to project the number of branches of banks that will be opened in Kerala.

¹⁰⁵
Permission to Multinationals for entering into Insurance Sector

2401. SHRI SIYAJI PATNAIK : Will the Minister of FINANCE be pleased to state :

- (a) whether the Government propose to allow the multinationals to enter into the Insurance Sector; and
 (b) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) No, Sir.

- (b) Does not arise. ¹⁰⁵

Raising of Loans by UCO Bank from Foreign Banks

2402. SHRI VIJAY NAVAL PATIL : Will the Minister of FINANCE be pleased to state :

- (a) whether the Reserve Bank of India has authorised the UCO Bank to raise loans from foreign banks;
 (b) if so, the details thereof and the reasons therefor- ;
 (c) whether the foreign banks have imposed some conditions in this regard; and
 (d) if so, the reaction of the Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) to (d) The information is being collected and will be laid on the Table of the House.

¹⁰⁵
Payment of Compensatory Allowance and construction of Staff Quarters for Employees posted in Tribal Areas of Orissa

2403. SHRI K. PRADHANI : Will the Minister of FINANCE be pleased to state :

- (a) whether any award was given by the Ninth Finance Commission

for the upgradation of administration in tribal areas regarding compensatory allowance to the employees posted in those areas and construction of staff quarters for them;

- (b) if not, how the Government propose to meet the expenditure;

(c) whether the Union Government have issued any directives to the Government of Orissa to release funds for the purpose; and

- (d) if so, the details therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTARAM POTDUKHE) : (a) to (d) The Ninth Finance Commission in its First Report for 1989-90 had recommended upgradation grants for following two schemes in tribal areas i.e. (i) housing units; and (ii) capital outlay for villages. In the case of deficit States like Orissa, the grants-in-aid recommended by the Commission took into account the liability on account of continuance of payment of compensatory allowance to the employees posted in tribal areas. In the case of surplus States, the surplus was worked out after allowing for such payment.

The Ninth Finance Commission in their Second Report for the period 1990-95 have adopted "normative approach" in assessing the revenue receipts and expenditures. The Commission have not recommended any specific grants-in-aid for upgradation of the services because "the needs for upgrading these services in States where they are below average has been taken care in the norms" adopted by the Commission. The Ministry of Welfare had requested the State Governments, including the Government of Orissa, that the scheme of payment of compensatory allowance to the employees in tribal areas be continued with the provision under the devolved funds. As regards the construction of staff quarters in tribal areas and infrastructural development in tribal villages, since they involve new investments, they would form part of the Plan programmes.