

mittee are under consideration and decisions in this regard are expected shortly.

Realisation of Loans Advanced by Nationalised Banks

2975. SHRI P. RAJAGOPAL NAIDU: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether there is any separate machinery to recover the loans advanced by the nationalised banks; and

(b) if not, how the loans are being realised?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): (a) Sanction of advances, their disbursement, supervision of their utilisation as also recovery of such advances form part of the normal functions performed by the branch managers and the other concerned employees of the nationalised banks. Although some banks do have cells at their Head Offices to pursue advances as have become difficult of recovery, there is no separate machinery as such which is solely charged with the task of recovery of advances granted by the nationalised banks.

(b) The advances, when due for repayment, are recovered from the borrowers, themselves. In the event of the failure of the borrowers to repay the advances, banks proceed to recover their dues either through realisation of the assets charged as security or from the sureties/guarantors for the advances. As a last resort, the banks institute legal proceedings against the borrowers and/or sureties and guarantors for the recovery of their dues.

Processing Units in Andhra Pradesh

2976. SHRI P. RAJAGOPAL NAIDU: Will the Minister of COMMERCE AND CIVIL SUPPLIES AND COOPERATION be pleased to state:

(a) whether there are any processing units in Andhra Pradesh for

calendering mercerising and printing of handloom cloth; and

(b) whether Government gave any assistance to set up these units in Andhra Pradesh?

THE MINISTER OF COMMERCE AND CIVIL SUPPLIES AND CO-OPERATION (SHRI MOHAN DHARIA): (a) and (b). There are no independent processing units in Andhra Pradesh State with facilities for calendering mercerising and printing of handloom cloth.

A processing unit is being set up under a Cooperative Society. The outlay involved is Rs. 94 lakhs, which is being shared mainly between the State and Central Governments, and National Cooperative Development Corporation, with a small contribution by the Society.

Alleged Irregularities in Bank

2977. SHRI SHANKERSINHJI VAGHELA: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether his attention has been drawn to a news report published in weekly *Blitz* dated the 11th June, 1977 under the heading 'Banking with Sex and Blackmail';

(b) if so, the facts thereabout;

(c) whether the matter has since been examined by the vigilance department of the bank and if so, with what results; and

(d) whether Government propose to hand over the case to the CBI for thorough investigation and taking suitable action against the persons held responsible?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): (a) to (d). Government have seen the news report published in the issue of the *Bombay Weekly BLITZ* dated the 11th June, 1977 under the caption "Banking with

Sex and Blackmail". The State Bank of India has, in this connection, reported that their Inspection & Audit Report on the Pedder Road Branch, had pointed out certain irregularities in the conduct of the accounts of a number of constituents including a few Film Distributors/Producers, Garment Export Houses etc. These irregularities were in the nature of (i) grant of overdraft facilities indiscriminately to various borrowers, of whom some were fictitious; and (ii) grant of advances by way of cash credits, export packing credits, post shipment credits and export bills negotiations limit disregarding the instructions laid down by the Controlling Authority. According to the Bank, the total amount of advances involved, as on 1st October, 1975, was about Rs. 62 lacs.

The irregularities were further investigated by the Vigilance & Audit Department of the Bombay Local Head Office of the Bank and based on its findings disciplinary proceedings were initiated against the officials involved. The position regarding the action taken against the various officers are indicated below:

Name	Punishment
1. Shri D. D. T'lak Branch Manager.	Dismissed from Service.
2. Shri S.P. Menjoge, Accountant.	Dismissed from Service.
3. Shri R.N. Valsangkar, Field Officer	He resigned from Service consequent on his demotion to Clerical Cadre from Officers Cadre in the Bank.
4. Shri R.D. Kripalan, (Then Regional Manager.	Disciplinary proceedings are being finalised.
5. Shri V.K. Herlekar (Then) Regional Manager.	Disciplinary proceedings are being finalised.
6. Shri N.V. Gude, (Then) Area Supdt.	He was called upon to retire from Service. The official has since expired.
7. Shri V.V. Hariharan, Branch Inspector.	Investigation being conducted to fix accountability.

The Bank has initiated legal action against the defaulting borrowers. The bank has also registered a case of forgery and cheating with the Bombay Police against one of the constituents. The Bank has also lodged a formal complaint with the Central Bureau of Investigation in May, 1977. The CBI have been requested to register a case and take up investigation of this matter.

Smugglers

2978. DR. VASANT KUMAR PANDIT: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether all the smugglers after their release have challenged the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act as *ultra-vires* of the Constitution; and

(b) what is the present policy of Government in dealing with the smugglers?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): (a) As per information available, only 14 of the smugglers have, after their release, challenged the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 as *ultra vires* of the Constitution.

(b) Government will deal firmly with smugglers. Appropriate action under the normal law will continue to be taken against them.

Secret deposits in Nationalised Banks

2979. DR. BAPU KALDATY: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether the nationalised banks still continue to augment cash in the form of secret deposits;