

of small denomination is done by Reserve Bank of India through its Issue Offices and a net work of currency chests/small coin depots, established with agency banks all over the country. Since there is a gap in demand and supply due to capacity constraints of Mints and Presses, the supply of coins and currency notes to individuals is restricted. Larger quotas are allowed to banks, Government departments and institutions. The raitailers, hotels/restaurants, pharmacies, Government transports undertakings etc. who require small change in bulk for their business are also sanctioned periodical quotas consistent with stocks. Special arrangements are made for supply of coins and small denomination notes to MPs and other VIPs whenever any request is received from them. Shoroffs are not distinguished from other members of public. As regards staff members, a packet of one rupee notes is generally issued only on and around salary day on requests. No other special or standing arrangement exist for issue of coins/small denomination notes to staff members. But on occasions like marriage, religious ceremonies etc., staff members and others are given a reasonable supply for personal use after establishing the bona fides.

(b) and (c). In conditions of shortage, the possibility of certain unscrupulous elements indulging in malpractices for personal advantage cannot be ruled out. However, RBI has asked its offices to exercise strict vigilance over the issue of coins and small denomination notes over their consumers and if any malpractice in distribution involving staff members or the public is brought to light, appropriate action is taken against them. The complaints received against the banks/Government Departments are forwarded to their Head Offices/Controlling Officers for suitable action. The solution to the problem however, is to step up the production of the coins and notes of small denomination for which Government is taking various steps.

Moratorium of Bank of Cochin

7107. SHRI P. A. ANTONY : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Bank of Cochin has been placed under moratorium;

(b) if so, the reasons therefor; and

(c) the details of the recommendation of the Reserve Bank of India in this matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) Yes, Sir.

(b) and (c). According to Reserve Bank of India (RBI) the Bank of Cochin Limited had defaulted in maintenance of Cash Reserve Ratio and Statutory Liquidity Ratio. The Bank's Board was not functioning in a cohesive manner and had not bestowed adequate attention to the various important aspects of the Bank's working. Besides, the working of the bank had jeopardised the interests of its depositors. The financial position of the bank had been impaired irretrievably, and it was apprehended that the publication of its annual accounts with negative working results might lead to an adverse impact on the depositors' confidence and there could be the possibility of a run on the Bank. This would have had adverse repercussion on the economy in general and the banking industry in particular. The RBI, therefore, came to the conclusion that the Bank of Cochin Ltd. could no longer function as a viable independent unit.

Representation from Plastic Industry Against Hike in Excise Duty etc.

7108. SHRI V. S. VIJAYARAGHAVAN : Will the Minister of FINANCE be pleased to state :

(a) whether the plastic industry had made a representation against the hike in excise duty, etc;

(b) if so, their main grievances; and

(c) the reaction of Government thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI