

[English]

Smuggling of Goods

5699. SHRI Y. YAIMA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that there has been a regular smuggling in and out of the country of goods worth of lakhs of rupees through Moreh in Manipur near Myanmar;

(b) whether the Government propose to encourage regularisation of free trade between the two countries; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARAMURTHY): (a) Yes, Sir. Government is aware of the smuggling of goods on Indo-Burma border. However, available reports do not indicate such smuggling being carried out through Moreh in Manipur.

(b) and (c). Government of India has proposed a draft Border Trade Agreement to the Government of Myanmar which would formalise procedures for overland trade between the two countries while simultaneously permitting the exchange of locally produced goods by people living along with sides of the border.

Guidelines for Public Sector Banks

5700. SHRI PRAFUL PATEL:
SHRI SUDHIR GIRI:

Will the Minister of FINANCE be pleased to state:

(a) whether instances of gross irregularities by some of the public sector banks in the matter of payment of advances and appointment of auditors have come to the notice of the Government during the last one year;

(b) if so, the details thereof?

(c) whether the Reserve Bank of India has issued show cause notices to such banks as reported in the 'Economic Times' dated January 7, 1993;

(d) if so, the details thereof and the reaction of such banks thereon; and

(e) the steps taken by the Government to ensure that RBI guidelines are strictly followed by each bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (e). Reserve Bank of India (RBI) has reported that it had conducted scrutiny of certain advances granted by Central Bank of India and observed that financial assistance was extended by the bank to various borrowers without observing the set norms of prudent banking. A special audit report of such accounts was sent by the RBI to the bank to be placed before its Board and to inform RBI of the action proposed by the bank. A notice under section 47(1) (B) read with section 46(4) of B.R. Act, 1949 was issued by RBI for non-compliances with RBI's instructions. The bank has since complied with the RBI's advice.

RBI also directed Bank of India in September 1992 to carry out a special management audit by a particular firm of Chartered Accountants. Latter, in view of the delay, RBI issued a show-cause notice to Bank of India in December 1992 for non-compliances with its advice. Bank of India, subsequently explained the reasons for which the audit work could not be entrusted to the firm recommended by RBI and later in consultation with RBI entrusted the work of management audit of the bank to another firm of auditors.

As regards, appointment of auditors, the RBI has reported that selection for appointment as