

Status of Kashinath Seth Bank

1035. SHRI SANTOSH KUMAR GANGWAR : Will the Minister of FINANCE be pleased to state:

(a) whether the Kashinath Seth Bank Ltd., Shahjahanpur, has since started working;

(b) if so, the details thereof and the directions issued for checking the recurrence of irregularities;

(c) the action taken against the persons found guilty; and

(d) the steps taken for improving financial position of the Bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL): (a) and (b) Reserve Bank of India has reported that Kashinath Seth Bank Ltd., has since been amalgamated with the State Bank of India w.e.f. 1.1.1996. However for payment to creditors and depositors, the effective date was 1.2.1996. Reserve Bank of India has reported that the matter had been referred to the CID.

(c) The report of CID is awaited.

[English]

Fraud by the Financial Companies

1036. SHRI RAJNATH SONKAR SHASTRI : Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that some of the companies advertise for fixed deposits with them at higher rate of interest than the banks and many people invest their hard earned money with them;

(b) whether some of the companies have failed to return the interest amounts and the capital amount to the investors; and

(c) if so, how many such cases have come to the light of the Government and the action taken thereon to safeguard the interests of the investors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI PROSAD PAL): (a) Yes, Sir.

(b) Yes, Sir.

(c) Reserve Bank of India (RBI) has reported that a few complaints were received from depositors/investors against some NBFCs and Residuary Non-Banking companies (RNBCs) regarding non-payment of principal and interest on deposits. RBI has further reported that as per the present regulatory framework only the deposit acceptance activities of NBFCs, MNBCs and RNBCs are regulated by three sets of Directions issued

by it, in accordance with the provisions of the RBI Act, 1934. These directions stipulate ceiling on deposits, rate of interest on deposits, maintenance of liquid assets, etc. The RBI is empowered to take action against delinquent companies for contraventions of its direction by prohibiting the concerned companies from accepting further deposits and launching prosecution proceedings against them in courts of law. It, however, cannot enforce repayment of deposits and payment of interest thereon and the remedy left to the depositor is to enforce the contract in a court of law, acceptance of deposits being a civil contract.

[Translation]

Prices of Silver

1037 SHRI DATTA MEGHE :

DR. P.R. GANGWAR :

Will the Minister of FINANCE be pleased to state :

(a) whether the Government are aware that the prices of silver are going up;

(b) if so, the reasons therefor; and

(c) the steps being taken by the Government to check the rise in the prices of silver in the country?

THE MINISTER OF STATE IN MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHARA MURTHY): (a) The monthly average price of silver in Bombay, as reported by the Reserve Bank of India, Bombay, recorded an increase of 13.3% during 1995 when it rose from Rs. 6361.04 per kg. in January 1995 to Rs. 7205.25 per kg in December 1995. The prices of silver shot up again in January 1996. This upward rally of silver prices in the domestic market continued till February 1996 when it reached its all time high of Rs. 8486 per kg. Thereafter, silver prices have declined almost continuously for the rest of the month.

(b) According to market sources, the rise in international prices of silver both in the New York and London markets as also depreciation of the rupee vis-a-vis the US dollar have constituted to the silver price rise in India.

(c) The steps taken by the Government to keep a check on the silver prices include permission to import given upto 100 kilograms under the liberalised import scheme and also permitting silver import under Special Import Licences.

[English]