

(b) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (b). Government of India have, from time to time, issued suitable guidelines to the public financial institutions in regard to allocation of funds for industries. These guidelines enjoin the financial institution to provide financial assistance to industries keeping in view the national priorities, labour intensiveness, degree of export-orientation, location in backward areas, nature of promoter/technology, extent of capacity built in the particular industry etc.

Affairs of Lakshmi Commercial Bank

5182. SHRIMATI GEETA MUKHERJEE : Will the Minister of FINANCE be pleased to state :

(a) whether the affairs of the Lakshmi Commercial Bank Ltd. have not been conducted in the interest of depositors or the share-holders for the last about 10 years;

(b) whether the situation continued to deteriorate even when two nominees of the Reserve Bank of India served on the Board of Directors of this Bank;

(c) whether a scheme cleared to merge this bank in the Canara Bank with effect from 1 July, 1984, was shelved because the majority share-holdings changed hands in the meantime;

(d) whether the affairs of this Bank continue to deteriorate with more than 75 per cent of advances being sticky and irrecoverable; and

(e) if so, the action Government and Reserve Bank of India propose to take in this matter ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (e). For sometimes past, there has been continuous deterioration in the working of the Lakshmi Commercial Bank Ltd. (LCB). Measures taken by the Reserve Bank of India (RBI) to improve its (LCB) functioning have not had the desired effect, RBI therefore, came to the conclusion that, keeping in view its present state of affairs, the Lakshmi Commercial Bank Ltd. may no longer be in a

position to function as a viable bank. On the recommendations of the RBI, the Central Government has issued an order of Moratorium in respect of the bank from the close of business on 27th April, 1985 and upto and inclusive of 28th August, 1985 under the provisions of section 45 of the Banking Regulation Act, 1949.

The moratorium has been declared in the general interest of the depositors of the bank. The question of its (LCB) amalgamation with Punjab National Bank is now under the active consideration of the RBI.

Study made by R.B.I. on Industrial Sickness

5183. SHRI INDRAJIT GUPTA : Will the Minister of FINANCE be pleased to state :

(a) the incidence of industrial sickness separately amongst larger, medium and small scale industries;

(b) the total amount of funds loaned by commercial banks and term-lending financial-institutions separately, which is locked up in these units;

(c) whether the Reserve Bank of India had undertaken a study of the causes leading to industrial sickness;

(d) if so, the findings of such a study; and

(e) the concrete measures Government/Reserve Bank of India and the Commercial Banks/financial institutions have taken to rehabilitate these units ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (b). According to the latest information available with the Reserve Bank of India (RBI), as at the end of December, 1983, there were 491 large, 1256 medium and 78363 small scale units which were reported to be sick, with outstanding bank credit of Rs. 2014.33 crores, Rs. 357.97 crores and Rs. 728.99 crores respectively. As at the end of December, 1983, the financial institutions had respected a total of 314 large and medium scale units as being sick and the amount outstanding against them was Rs. 677.00 crores.