

reported that the business group of ESALS had received substantial financial assistance from 3 Indian banks, namely, Punjab National Bank, Central Bank of India and Union Bank of India as well as from four foreign banks in London for their business. The main company in this group viz, ESAL (Commodities) Ltd. was engaged in commodity trading, exporting mostly to Nigeria and Sudan. According to the assessment made and furnished to the Reserve Bank of India by the 3 banks, major portion of the advances to the Group is covered by bill receivable claims/securities/guarantees. There have, however, been irregularities in lending to the group companies. Some officials of the London branches of the 3 Indian banks had granted advances in excess of the sanctioned limits and without obtaining the approval of Head Office Collusion among their officers and the company with a view to defraud the banks is also suspected. These banks and the Reserve Bank of India are seized of the position and necessary action is being taken. In November, 1984 the main borrowing company viz. ESAL (Commodities) Ltd. has been put into compulsory liquidation by a court in London and its Managing Director has been declared bankrupt. In the circumstances the concerned banks would be required to enforce the securities available to them for realisation of dues and file their claims wherever necessary with the liquidators.

(d) In exercise of powers vested in it in terms of sub-clause (IA) of clause 8 of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, the Central Government terminated, on February 18, 1985, the term of office of Shri S.L. Baluja, Chairman and Managing Director, Punjab National Bank, Shri B.V. Sonalkey, Chairman and Managing Director, Central Bank of India and Shri S.S. Master, Executive Director, Bank of Baroda. They were paid salary and admissible allowances for a period of three months in lieu of the prescribed period of notice. The terminations were in accordance with the provisions of the

aforesaid Scheme applicable to their appointments.

(e) The Reserve Bank of India exercises supervision/control over the working of the banks. Following the detection of certain instances of irregularities/deficiencies in the working of the London branches of PNB, Central Bank of India, and Union Bank of India the Reserve Bank of India has issued detailed guidelines/instructions for their rectification/removal. Under the new reporting system called PALOO (Position of Assets and Liabilities of Overseas Offices), the overseas branches of Indian Banks are required to submit to RBI quarterly statements which cover important aspects of the working of their overseas branches. Central Bank of India had entrusted "Systems Audit" of its London Branch to a firm of Chartered Accountants and Management Consultants for bringing about improvements in its working. The RBI is advising PNB and Union Bank of India for arranging similar "Systems Audit" by one of the reputed firms of Chartered Accountants in London. The RBI has also taken several other measures for bringing about improvements in the working of the Indian Banks' branches abroad.

Suspension of Overdrafts Facilities by States

307. SHRI B.V. DESAI : Will the Minister of FINANCE be pleased to state :

(a) whether the Union Government have decided that the overdraft facility to States will be suspended if they continue with the present trend of borrowing;

(b) if so, whether the States which have either exceeded or are on the verge of exceeding the reasonable limit of overdrafts have been informed of the said decision ;

(c) the name of States falling under the second category ;

(d) whether States have been asked to apply a check on their borrowings by collecting more taxes ; and

(e) if so, the other steps Government propose to take to check this increasing overdraft by States ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c) Government of India advised all the States that bank with the Reserve Bank of India to limit their overdraft to the level reached by them as of 28th January, 1985. They were also informed that in case the States' overdraft exceeds the level as on 28.1.1985 and continues for 7 working days, the Reserve Bank of India would stop payments on their Government's account.

(d) and (e) The State Governments have been advised to reorder their budgets and ensure that they do not exceed the overdraft level reached by them as on 28th January, 1985.

Industrial Fair by Trade Fair Authority of India.

308. SHRI KAMAL NATH : Will the Minister of COMMERCE AND SUPPLY be pleased to state :

(a) whether the Trade Fair Authority of India organised an Industrial Fair this year ;

(b) if so, the countries which participated therein; and

(c) the value of export orders received as a result of the fair ?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND SUPPLY (SHRI P.A. SANGMA):

(a) The Trade Fair Authority of India organised the India International Trade Fair 1984 during November, 14-27, 1984.

(b) A statement is attached.

(c) The export contracts actually signed during the fair amounted to Rs. 1745 million.

Statement

List of Countries which Participated in India International Trade Fair, 1984

1. Austria
2. Afghanistan

3. Australia
4. Algeria
5. Bulgaria
6. Brazil
7. Bangladesh
8. Bhutan
9. China
10. Cuba
11. Czechoslovakia
12. F.R.G.
13. France
14. G.D.R.
15. Italy—Italian Institute
—Milan Fair Authority
16. Kampuchea
17. Laos
18. Netherlands
19. Nepal
20. Poland
21. P.L.O.
22. Romania
23. South Korea
24. Sri Lanka
25. Sweden
26. Turkey
27. U.S.S.R.
28. Vietnam
29. Yugoslavia
30. Hungary
31. U.K.
32. Finland
33. Canada

Total Acreage Under Cardamon Cultivation

309. PROF. P.J. KURIEN : Will the Minister of COMMERCE AND SUPPLY be pleased to state :