

(d) if so, whether the representation has been put before the Board of Directors for their decision and consideration ; and

(e) if so, the result thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) With effect from 1st July, 1984, the rate of interest charged by Reserve Bank of India on general line of credit sanctioned to the National Bank for Agriculture and Rural Development has been 5.50%.

(b) to (e) The bulk of short-term advances from this general line of credit made to State Co-operative Banks and Regional Rural Banks are intended for seasonal agricultural purposes at an effective interest rate of 7%. The nominal margin of 1.5% available to NABARD has been decided by RBI on the basis of a detailed cost exercise taking into account the various functions entrusted to NABARD including its promotional and developmental role and responsibility for institution building, inspections, training, supervision, etc. NABARD had received a suggestion for reducing its margin. The matter was examined and it was felt that the scale of margin decided by RBI is necessary for proper discharge of functions by NABARD. This suggestion was not placed before the Board of Directors of NABARD.

News Item Captioned "Packet in Bank Guarantees Busted"

3732. SHRI BALASAHEB VIKHE PATIL : Will the Minister of FINANCE be pleased to state :

(a) whether attention of Government has been drawn to the news item captioned—"Racket in bank guarantees busted" appeared in *Times of India* of 31 March, 1985 ;

(b) if so, the facts of the case ; and

(c) the measures contemplated to ensure that banks themselves could locate such fraudulent practices ?

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

(b) State Bank of India has reported that one of its officers posted at its Kanpur

main branch, on receipt of information from a rubber stamp maker, of having received an order for preparation of a block of his signatures, lodged a complaint with the local police who laid a trap and arrested one Shri Kamaruddin. The police is also reported to have recovered a number of documents, stamps, etc. They are investigating the matter.

Indian Overseas Bank has reported that letter heads and photo copies of bank's certificate purported to have been issued by its Moradabad branch on 22nd June, 1981 and 31st July, 1981 favouring a local unit given position regarding export bills handled by it have been seized by the Kanpur police from the accused.

According to Punjab National Bank, no forged papers or rubber stamps containing signatures of officers of the bank have been seized from the accused.

Canara Bank has not come across so far any forged guarantee purported to have been issued by its branches in Delhi, Kanpur and Lucknow.

(c) Banks are not likely to be aware of the fraudulent guarantees issued unless the beneficiaries of the guarantees take up the matter with the banks for confirmation of the issue of guarantee or unless such fraudulent guarantees are invoked by beneficiaries following defaults by the persons on whose behalf the guarantees are purported to have been issued. Since the banks will not become aware of such fraudulent transactions unless the issue is brought to their notice, it will not be possible for them to locate such fraudulent practices without the cooperation of beneficiaries. Government has, however, issued instructions to all Ministries/Departments and Public Sector Undertakings not to accept bank guarantees in their favour until the genuineness of the same has been got confirmed from the issuing bank. It is also open to all beneficiaries to accept guarantees only after taking the precaution of verification of the genuineness of the guarantee from the issuing bank.

Demands of Employees of LIC

3733. SHRI M.V. CHANDRASHEKARA MURTHY : Will the Minister of FINANCE be pleased to state :

(a) whether an agreement on the charter of demands submitted by the All India