

(c) if not, whether such a study is proposed to be undertaken; and

(d) the likely date by which it would be done ?

THE MINISTER OF STATE OF THE MINISTRY OF SUPPLY AND TEXTILES (SHRI CHANDRA SHEKHAR SINGH) : (a) and (b). The Government have not undertaken any study to examine the effects of synthetic fibres content clothing on the human skin.

(c) and (d) There is no such proposal under consideration of the Government at present.

Flouting of RBI Decision by Foreign Banks regarding payment of Interest Rates on short term deposits

4870 PROF. NARAIN CHAND PARASHAR : Will the Minister of FINANCE be pleased to state :

(a) whether Reserve Bank of India announced a major policy decision and allowed the scheduled banks to decide on interest rates on short-term deposits on the occasion of 50th Anniversary of the RBI in April 1985 subject to ceiling of 8 percent.

(b) if so, whether foreign banks which are members of Indian Banks' Association flouted this decision and started quoting higher rates;

(c) if so, whether Reserve Bank of India had to reverse its decision on 27th May and re-introduced an interest rate schedule;

(d) if so, whether Government have taken note of the reversal of decision by RBI and flouting of its decision by foreign banks, and

(e) if so, action taken by Government against the foreign banks and steps taken to streamline functioning of RBI so as to avoid recurrence of such reversal in future ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (e). The Reserve Bank of India had allowed discretion to banks w. e. f. 8.4.85 to determine interest rates on deposits of maturities of more than 15 days but less than one year, within a ceiling of 8 percent per annum. Reserve Bank of India has reported that none of the banks including foreign banks had flouted the directive. However, when a few banks started offering 8 percent per annum even for 15 days' maturities, all banks simply followed suit without considering profitability angle. R. B. I. subsequently reviewed the position, and found that banks were experiencing difficulties in responding to the discretion given to them to fix their own interest rates on deposits of all the maturities extending from 15 days upto less than one year. Consequently, R.B.I. withdraw such discretion from banks with effect from 27th May, 1985 and restored the pattern of periods and rates of interest as were in vogue prior to 8th April, 1985, excepting that the rates of interest on deposits of maturities of between 91 days to less than 6 months, and from 6 months to less than one year were increased to 6.5 per cent and 8 per cent respectively;

As per provisions contained in the Banking Regulation Act, 1949 the power to determine interest rates on bank deposit vests with Reserve Bank of India - however, consultation are held between Government and RBI as and when required.

Formulation of Model Relief Forms for Sick Units by IRBI

4871. SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state :

(a) whether the Industrial Reconstruction Bank of India (IRBI) has been asked to evolve some 'model parameters' within which rehabilitation assistance would be provided by agencies involved in financing sick units;

(b) if so, the pattern of model relief norms for sick units formulated by the IRBI; and