

(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

(c) how these are being acted upon ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c). Industrial Reconstruction Bank of India (IRBI) has reported that the institution is presently engaged in preparing model parameters for rehabilitation of sick industrial units in consultation with Reserve Bank of India and other financial institutions.

**Restoration of Commuted Value  
of Pension**

4872. SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to refer to the reply given to Unstarted Question No. 2767 on 12th April, 1985 regarding the restoration of commuted value of pension after 10 years to retired Central Government servants and state :

(a) the stage at which the matter stands at present;

(b) whether the Supreme Court has since given any direction or judgement in this case;

(c) if so, the details thereof; and

(d) the further action which Government have taken or propose to take in the matter in the light thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (d). Government are still awaiting the judgement of the Supreme Court.\*

**Raising of Euro-Yen Loans to Finance  
Capital Projects during 1985 by  
Private Companies**

4873. SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state :

(a) the private sector companies which had been permitted to raise Euro-yen loans to finance their capital projects during 1985 (uptil 31st July, 1985);

(b) the amount allowed and the rate of interest agreed upon by the lenders and terms of repayment; and

(c) the case in which Government have stood as the surety ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) No Company in the private sector has so far raised loan in the Euro-yen market during the year 1985.

(b) and (c). Does not arise.

**Blank foreign exchange permits to  
larger industrial houses**

4874. SHRI SANAT KUMAR MANDAL : Will the Minister of FINANCE be pleased to state :

(a) the names of the large industrial houses and others which are issued blank foreign exchange permits on annual basis during 1984-85 and 1985-86 upto 31st July, 1985 and the amount thereof for business promotion ?

(b) whether any check is being exercised by the Reserve Bank of India that such permits are not being used for pleasure jaunts by the executives and directors of these companies for business promotion, if so, the details thereof and if not, the reasons therefor

(c) whether there is a move by these business circles to have the validity of these permits extended for three years and get their amounts raised ; and

(d) if so, reaction of Government thereto and the safeguards that are being taken to prevent their misuse ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (d). Information is being collected and will be laid on the Table of the House,