

**Irregularities in Loans Granted by
Punjab and Sind Bank**

5372. SARI RAM BAHADUR
SINGH :

DR. CHANDRA SHEKHAR
TRIPATHI :

SHRI SOMJIBHAI DAMOR :

SHRI YASHWANTRAO
GADAKH PATIL :

DR. A.K. PATEL :

Will the Minister of FINANCE be pleased to state :

(a) whether there is any limit for the nationalised banks to open letter of credit for their customers ;

(b) whether attention of Government has been drawn to the news item appearing in Nav Bharat Times of 29 September, 1987 regarding irregularities in advances given by the Punjab and Sind Bank ;

(c) the number of cases of irregularities in granting loans of rupees one crore and above which came to light in bank during last three years and current year ;

(d) particulars of the officers found responsible therefor ;

(e) whether these advances/loans have been recovered ; and

(f) if not, the legal action taken to recover these loans ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) Nationalised banks open letters of credit on behalf of their constituents after assessing the commercial viability of the proposal and in accordance with the norms and criteria laid down for covering security, margin etc. and the general directions issued by Reserve Bank of India from time to time. The various authorities within a bank can open Letters of Credit up to the amounts delegated to them.

(b) Yes, Sir.

(c) to (f) Reserve Bank of India has reported that in some cases of advances of Rs. 1 crore and above made over a period of time by Punjab and Sind Bank, irregularities in the accounts have been noticed.

The advances have turned irregular on account of various factors, like mis-management, diversion of funds on the part of borrowers, recession in industry or lack of demand for certain product, labour trouble, power shortage, non-observance of terms of sanction etc. In respect of 10 such accounts, Punjab and Sind Bank has filed suits for recovering its dues.

Banks are required to take appropriate action whenever it comes to their notice that any bank employee is involved in committing irregularities. In the current year one bank official has been suspended in connection with the irregularities committed in a large account.

Rehabilitation of Sick Large Industrial Units by BIFR

5373. DR. B.L. SHAILESH :

SHRI BASUDEB ACHARIA :

Will the Minister of FINANCE be pleased to state :

(a) the achievements of the Board for Industrial and Financial Reconstruction set up in terms of the Sick Industrial Companies (Special Provisions) Act, 1985 ;

(b) the companies belonging to large Industrial houses found sick by the board ; and

(c) the rehabilitation measures taken by the above board in such cases ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c) The Board for Industrial and Financial Reconstruction (BIFR), which has been set up under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 became operational with effect from 15th May, 1987. The BIFR has reported that 288 cases of sick industrial companies located in different States/Union Territories have been registered with it in terms of the above mentioned Act and the regulations framed by the BIFR in this regard. The proceedings in these cases are at different stages.