

nominated a Bank's branch in Bombay as link office. Each link office send to RBI on daily basis a statement showing company-wise details of purchase/sale of equity shares and convertible debentures made by designated bank branches. On the basis of these statements, the 5% ceiling limit prescribed under the portfolio Investment Scheme is monitored by the Reserve Bank.

#### **RBI Investigation Into Affairs of Peerless**

3543. SHRI UTTAMBHAI H. PATEL:  
SHRIMATI PATEL RAMABEN  
RAMJIBHAI MAVANI:

Will th Minister of FINANCE be pleased to state:

(a) whether the special scrutiny and audit of the activities of the Peerless General Finance and Investment Company was carried out by the Reserve Bank of India in various parts of the country;

(b) if so, the reason therefor; and

(c) the outcome of the scrutiny?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) and (b). Under the Reserve Bank of India Act, 1934, the Reserve Bank of India (RBI) may cause an inspection to be made of any non-banking institution, including a financial institution, if it considers it necessary or expedient to inspect that institution.

The RBI had carried out an inspection of the Head Office and four Regional Offices of the Peerless General Finance and Investment Company Ltd., Calcutta (Peerless).

(c) The RBI has reported that its inspection of the Peerless has revealed that the

company had not followed some of the provisions of the directions issued by the RBI in respect of the schemes introduced by the company prior to the commencement of the directions. The RBI has discussed the matter with the Company.

#### **Alleged Involvement of Customs and Excise Officials in Smuggling Activities**

3544. SHRI UTTAMBHAI H. PATEL:  
SHRIMATI PATEL RAMABEN  
RAMJIBHAI MAVANI:

Will the Minister of FINANCE be pleased to state:

(a) whether instances of involvement of some officers/staff in Central Excise and Customs Departments and at the Airports in smuggling activities in Gujarat and other parts of the Country have come to the notice of Government during the last three years;

(b) if so, the details thereof; and

(c) the action taken or proposed to be taken by Government in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI A.K. PANJA): (a) to (c). Available reports do not indicate the involvement of the Officers and staff of the Central Excise and Customs Department in smuggling activities in Gujarat during the last three calendar years of 1987, 1988 and 1989.

However, 15 officers/staff of the Bombay and Delhi Customs House are alleged to be concerned in aiding and abetting the smuggling activities during the same period.

They are liable for penalty in Departmental proceedings as well as disciplinary action. They are also liable for prosecution in a Court of Law. Further they are liable for