

Hotel Projects in Public Sector

4431. SHRI G. Y. KRISHNAN: Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state:

(a) the number of hotel projects approved by Government to be set up during 1977-78 in public sector in different parts of the country; and

(b) the amount involved in each

project and the target dates fixed for their completion?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI PURUSHOTTAM KAUSHIK): (a) and (b). The revised Annual Plan of the India Tourism Development Corporation, a public sector undertaking, for the year 1977-78 includes provision for 3 accommodation projects as detailed below:

Name of the project	Estimated Cost (Rs. in lakhs)	Target date of completion
1. Expansion of Qutab Hotel, New Delhi by adding a new block of 50 rooms.	70.00	November 1977
2. Expansion of Travellers Lodge at Bhubaneswar by addition of 26 double rooms, 2 suites, a restaurant and a conference room.	40.00	December 1977
3. Reception Centre-cum-Hotel at Jaipur.	96.00	First phase comprising Reception Centre during 1977-78 and the second phase consisting of a new block of 44 rooms by March 1979.

Alleged Corruption in LIC and GIC

4432. SHRI SHANKERSINHJI VAGHEIA: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) Whether his attention has been invited to the reports published in the Blitz dated the 14th May, 1977 under the heading 'L.I.C. & G.I.C. in Insurance of Corruption';

(b) the reaction of Government thereon and whether any inquiry has been ordered or proposed to be ordered into the working of the LIC AND GIC; and

(c) the action taken or proposed to be taken against the officers responsible in these two organisations for financing the Congress?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): (a) Yes, Sir.

(b) The article contained several allegations about under-writing and financial irregularities committed by the nationalised insurance undertakings. The main allegations are summarised below:—

GIC & its subsidiaries.

(i) As during the 1971 elections, general insurance companies were instrumental in the supply of a large number of jeeps to the Congress Party for its campaign during the recent elections (when more than 1,500 jeeps were supplied to the Congress from different sources on hire-purchase or bank guarantee policies). The companies

sanctioned generous insurance cover for jeeps without proper guarantee.

(ii) The "jeeps were insured with the payment of cash premiums and also cover notes were issued without the receipt of such premiums, violating all norms and regulations". New India Assurance Company Ltd. (a subsidiary of the General Insurance Corporation of India) had insured 320 jeeps "premiums for which may or may not have been paid". Premium for insurance of 170 out of these was paid by a single cheque and the remaining 150 jeeps were insured in a single Unit (Motimahal Unit) of the company.

(iii) The GIC gave a guarantee of Rs. 15 lakhs to M/s New Mahalaxmi Finance Company of Kolhapur in which the son of a big Maharashtra politician is a partner.

(iv) New India gave assistance of Rs. 25 lakhs to Jaybharat Investment Corporation and Motor and General Insurance Company. The Chairman of New India happens to be the Chairman also of both these companies.

LIC

(v) A sum of Rs. 46 lakhs was given by the LIC to the Delhi Development Authority for purchase of a plot of land without verifying the title deed. The land intended to be sold to the LIC did not in fact belong to the DDA.

(vi) A sum of Rs. 2 crores was invested by the LIC in DDA bonds without obtaining the approval of its Board.

(vii) A sum of Rs. 25 lakhs was invested by the LIC in shares of M/s Mohan Meakin Breweries Ltd., to oblige Shri Sanjay Gandhi.

(viii) A sum of Rs. 25 crores was invested by the Chairman LIC in the Bank of India in return for the favour shown by the bank in dropping proceedings against his son-in-law, Shri Vilas Deshmukh.

2. *Regarding allegation* (1) Bank guarantees to hire-purchase finance companies are being issued by the insurance companies in the normal course of business in accordance with the guidelines issued by the GIC, and the companies did not issue any fresh credit covers for bank facilities at the election time.

3. *Regarding allegation* (ii): Under the law, risk can be assumed only after the premium is paid (by cash/cheque etc.), or a bank guarantee for the premium furnished, by the insured. All the jeeps were insured in accordance with these provisions and no norms were violated.

During the first quarter of 1977, M/s Mahindra & Mahindra Ltd., who are old clients of the New India, placed 100 per cent insurance business of their 168 jeeps with that company and paid provisional premium of Rs. 2,62,000 for these insurance by means of 8 cheques for various amount is as per the different lots declared for insurance. The Motimahal Unit of the company did not insure any jeeps during the months of January and February, 1977.

4. *Regarding allegation* No. (iii): The GIC itself does not issue any bank guarantee policies and the reference apparently is to insurances granted by New India. It is ascertained that New India did not provide any guarantee to any concern bearing the name of New Mahalaxmi Finance Company of Kolhapur.

5. *Regarding allegations* No. (iv): Neither Jaybharat Credit and Investment Company Ltd. (referred to in the article as Jaybharat Investment Corporation) nor Motor and General Finance Company Ltd. (referred to in the article as Motor and General Insurance Company) was given any preferential assistance by New India. It is rathered that the aforesaid two companies did not finance any jeep during the election time. Further, it is not a fact that the Chairman of New India is Chairman of either of these companies.

6. *Regarding allegation No. (v):* For some years, negotiations between the LIC and the DDA were under way for allotment of land to the LIC for a public housing scheme in Delhi. Eventually, on 14th May, 1976 the DDA offered land admeasuring 40 hectares of land in Patpar Ganj area at Rs. 12 per sq. metre and requested that the cost of Rs. 48 lakhs may be deposited with it "and thereafter possession of the land would be given at the site." The LIC processed this offer on the understanding that DDA had clear, perfect and marketable title to the land and, on 12-8-76, forwarded to the DDA a cheque for Rs. 46 lakhs towards cost of 38 hectares of land (the balance of 2 hectares being retained by DDA for a hotel). Later, from a telex message received by the LIC from the DDA on 9-3-1977, and subsequent discussion with the DDA the LIC found that the DDA had till then not acquired title to the land. In the circumstances, it recalled the deposit of Rs. 46 lakhs.

7. *Regarding allegation No. (vi):* No investment has been made by the LIC in the Bonds of DDA as alleged. Total loans of Rs. 2.50 crores were granted by the LIC to DDA during the month of March, 1977 as per allocation received by the LIC from Government. The loans were given on the recommendations of the Investment Committee of the LIC and carried Central Government guarantee.

8. *Regarding allegation No. (vii):* The allegation is incorrect. Since 1974, the LIC has not purchased any shares of M/s. Mohan Meakin Breweries Ltd. The last purchase was made 1703 LS-4.

by the LIC on 29th June, 1974, when a lot of 500 shares was purchased through a share broker at Rs. 9.90 per share.

9. *Regarding allegation No. (viii):* The LIC invested in the 'Call and Participation Certificates' of the Bank of India in accordance with its normal investment practice. Funds of the LIC awaiting investment through regular channels are kept with all major banks at Call and Notice deposits (not exceeding 14 days) or in the form of Participation Certificates. The amount so kept are decided on in the light of the needs of the banks and no special preference is shown to any of the banks. (On 12-5-1977, the highest investment in Call & Notice deposits and Participation Certificates were in Bank of India, Indian Bank and United Commercial Bank, the total amounts being Rs. 28.51 crores, Rs. 22.67 crores and Rs. 18.46 crores respectively).

(c) In view of the position set out in answer to part (b) of the question, there is no cause for action against any officer.

Persons Recruited in Nationalised Banks in Orissa

4433. SHRI D. AMAT: Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state: the number of persons recruited during the last three years in the nationalised banks in Orissa in different cadres who belong to Scheduled Caste community?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): Recruitment to Officers' cadre in the public sector banks is generally made on all-India basis. Therefore, information in this respect for the State of Orissa is not available separately. Information relating to the Clerical and Subordinate cadres in the State Bank of India and the 14 nationalised banks, as furnished by the banks, is given in the annexed statement.