

dustry are taken only after careful consideration, but it is not possible to assess their impact in such a short period. According to available information, industrial investment has increased during the current financial year.

(b) In the light of the emerging situation some additional measures have been proposed in the Budget for 1978-79. These are: deduction in the computation of taxable income of 50 per cent of the amount invested in the equity shares of new industrial companies; exemption from capital gains tax when sale proceeds of assets are reinvested in equity shares of new Indian industrial companies; and withdrawal of the tax on interest earned by banks. The last has been followed by a re-alignment of the interest rate structure, as announced by the Reserve Bank of India. Since the current economic situation is favourable Government expects that the private sector will respond to the incentives that have been provided.

**Findings of R.B.I. Advance and Credit Facilities granted to Messrs Swadeshi Cotton Mills Ltd., Kanpur**

2340. SHRI MOHAN LAL PIPIL: Will the Minister of FINANCE be pleased to refer to reply given to Unstarred Question No. 4936 on the 23rd December, 1977 regarding amount given to big companies by Chairman, Punjab National Bank and state:

(a) the findings of the RBI on advance and credit facilities granted by the former Chairman, Punjab National Bank Shri T. R. Tuli to Messrs Swadeshi Cotton Mills Co. Ltd., Kanpur;

(b) the particulars of such facilities granted;

(c) against which security were these facilities made available;

(d) the amount at present outstanding against Swadeshi Cotton Mills Co. Ltd.;

(e) the manner in which it is proposed to be recovered; and

(f) the Government's final reaction to the findings of R.B.I.?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) According to the Reserve Bank of India, during the period from 1st August, 1975 to 31st July 1977, when Shri T. R. Tuli was the Chairman and Managing Director of the Punjab National Bank, certain facilities were allowed by that Bank to the Swadeshi Cotton Mills Co. Ltd., Kanpur. These facilities were sanctioned by the Bank's Board of Directors after duly considering the Company's applications in this regard.

(b) to (d). In accordance with the practice and usages customary among bankers and also in conformity with the provisions of the statutes governing the public sector banks, information relating to individual constituents of banks cannot be divulged.

(e) The Punjab National Bank has reported to the Reserve Bank that the U.P. State Government had appointed a receiver for the Kanpur Unit of the Company on 27th October, 1977 as the Company was unable to pay certain dues to the State Government. There was violence in the factory on 5th December, 1977, since when the factory is under lock-out. The Punjab National Bank has further reported to the Reserve Bank that all efforts are being made to make the unit a going concern with the assistance of the U.P. State Government and other financial institutions.

(f) The Company has been running into financial difficulties from the year 1974 and the Punjab National Bank has been trying to nurse the accounts of the Company.