

in making investment in shares of Indian companies in order to improve the share-markets in the interest of the general class of shareholders ?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE) : (a) and (b) Yes, Sir. Prices of shares DCM of Ltd. and Escorts Ltd. on the Delhi Stock Exchange declined sharply from Rs. 89.00 and Rs. 61.50 on the 1st July, 1983 to Rs. 81.87 and Rs. 56.75 on the 4th July, 1983 and further to Rs. 71.75 and Rs. 55.50 on the 5th July, 1983 respectively. (The market was closed on the 2nd and 3rd July, 1983 This has been mainly due to reports appearing in a section of the press about the Reserve Bank of India having directed the Punjab National Bank not to credit the amount of Rs. 1.07 crores remitted by 13 companies of U.K. to the account of M/s Rajaram Bhasin and Company, members of Delhi Stock Exchange, who have been purchasing shares of Escorts and DCM on behalf of these 13 overseas companies. Prices of DCM and Escorts have, however, recovered partially and were quoted at Rs. 78.00 and Rs. 59.25 respectively on the 26th July, 1983.

(c) It is not true that a fall in the prices of shares of DCM and Escorts witnessed on the 4th and 5th July, 1983 due to the factors indicated above had affected the non-resident interest in making investments in shares of Indian companies. The question of Government taking any special action to restore non-resident interest in making investment in share of Indian companies does not therefore, arise.

Implementations of Instructions issued by RBI to Curb Incidents of Frauds, Corruption and Malpractices

1108. SHRI GHUFRAN AZAM :

KUMARI PUSHPA DEVI SINGH :

SHRI AMAR ROYPRADHAN :

SHRI NAWAL KISHORE

SHARMA : Will the Minister of

FINANCE be pleased to state :

(a) whether the Reserve Bank of India has recently issued instructions to all banks

in the country to strengthen internal control to safeguard and curb the growing incidence of frauds, corruption and malpractices ;

(b) if so, details of the instructions issued to all banks ; and

(c) what steps Government have taken to check whether the instructions issued by the RBI are properly implemented in the banks ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARY) : (a) to (c) The Reserve Bank of India and the Government have advised the banks to strengthen the control mechanisms including the internal audit/inspection machinery make them effective so as to eliminate the scope of frauds and malpractices and to take note of warning signals, like non-submission or irregular submission of control returns, arrears in house-keeping and affluent living of employees beyond their means. Banks have also been asked to take a serious view of the irregularities committed by the employees and to give punishment to delinquent staff befitting the seriousness of the irregularity. They have also been advised to ensure quick disposal of departmental enquiries and to report the progress to their Boards of Directors periodically. The RBI has also set up a Cell which will INTER ALIA closely monitor implementation of the various guidelines given to banks by the RBI with a view to preventing frauds.

These issues are also discussed at the meeting of the Chief Executives of public sector banks taken by the Finance Minister. Recently a meeting of the Chief Executives of public sector banks was held at New Delhi on 14-4-83 and the issues having a bearing on minimising the incidents of frauds were discussed among other items.

Parronizing of Tea Councils in UK, USA and Canada by India

1109. SHRI SHUSHIL BHATTACHARYA : Will the Minister of COMMERCE be pleased to state :