

Memorandum Submitted by Regional Design and Technical Development Centres' Employees Association

3764. SHRI A. NEELALOHITHAD-ASAN NADAR : Will the Minister of COMMERCE be pleased to state :

(a) whether the Regional Design and Technical Development Centres 'Employees' Association has submitted any memorandum to Government ; and

(b) if so, the details of the memorandum and the action taken thereon ?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI P. A. SANGMA) : (a) Yes, Sir.

(b) A copy of the memorandum is laid on the table of the House Placed in library. See No. LT 8605/84). The Association of the Employees of the Regional Design and Technical Development Centre, New Delhi, have filed a writ petition in the High Court of Delhi. The matter being sub-judice, no action could be taken.

Extension of Credit Facility over 5 lakhs to Directors or the Relatives Without Approval of Board of Directors

3765. SHRI K. PRADHANI : Will the Minister of FINANCE be pleased to state :

(a) whether Reserve Bank has directed all banks to ensure that no credit facility is extended to any of their directors or their relations over Rs. five lakhs without prior approval of Board of Directors ;

(b) whether Reserve Bank had also been critical of informal agreement among banks for extending credit facility to each other's directors and their relations ;

(c) whether Reserved Bank has asked Chairman and Managing Directors of all scheduled commercial banks to ensure that even

contracts of any kind are not awarded to such persons without approval of Boards ;

(d) if so, whether Government propose to set up any cell in his Ministry to monitor strict observance of these instructions by banks and take necessary action against defaulting banks, their Directors and Management ; and

(e) whether a copy of such directive issued by Reserve Bank would be laid on the Table ?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (c) Yes Sir.

(b) According to Reserve Bank of India, the scrutiny of borrowal accounts of certain banks had revealed that they had developed a sort of informal understanding or mutual/reciprocal arrangements with each other for extending credit facilities to each others directors, their relations, etc. Reserve Bank had accordingly issued instructions on April 12, 1984 to all Public Sector and Private Sector Indian Scheduled Commercial banks (other than Regional Rural Banks).

(d) No, Sir. However, the Reserve Bank of India's inspecting officers during the course of periodical inspections will keep in view the aforementioned instructions and the Reserve Bank will take appropriate remedial action in regard to violations, in any, of these instructions.

(e) A copy of the Reserve Bank of India's instructions dated April 12, 1984 is laid on the table of the House. (Placed in Library. See No LT 8606/84).

Raising of Euro Loans by IDBI, ICICI, IFCI, etc.

3766. SHRI K. PRADHANI : Will the Minister of FINANCE be pleased to state ;

(a) the amount of Euro loans raised and to be raised by the Industrial Development Bank of India (IDBI); Industrial Credit and Investment Corporation of India (ICICI); Industrial Finance Corporation of India and other large Industrial Houses during this year;

(b) the manner in which these loans will be raised and the countries from which these will come; the rate of interest payable by the financial institutions and the rate they will charge from their clients;

(c) the manner in which these institutions will disburse these loans and details of the likely beneficiaries; and

(d) whether any industry based in Orissa, will also be benefited by these loans?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) During the current financial year, upto 31st July, 1984 the total amount of External Commercial Borrowings raised by ICICI, IDBI and IFCI is equivalent of Rs. 76 crores approximately.

A statement containing the list of sanctions issued during the same period, in excess of Rs. 5 crores in each case, is annexed. The total amount of External Commercial Borrowing to be raised in the remaining part of 1984-85 will depend upon actual effectuation of loan agreements during this period on the sanctions issued.

(b) and (c) While the financial institutions raise loans by way of Euro Loans and sometimes Bond Issue, the other borrowers generally resort to Euro-Loans and Suppliers credits. The rate of interest payable by the financial institutions would depend on the conditions prevailing at the time of raising the loans. For Euro-Loans the financial institutions generally charge a margin of 2 per cent above their borrowing rate. The loans are intended to be used for financing the import of capital goods and services for approved projects and schemes.

(d) Industrial Units all over the country, including Orissa State, are eligible for these loans subject to the Project/Scheme meeting the approval criteria of the concerned financial institution.

Statement

Sl. No.	Name of the party	Loan/Credit amount		Rate of interest per-annum
		In Foreign currency	In Rs. Crores equivalent	
1.	Industrial Financial Corpn. of India.	\$ 20 million	20.90	3/8% over LIBOR
2.	M/S. Reliance Textiles Industries Ltd.	US \$ 11.88 million US \$ equivalent of DM 0.53 million SW. Fr. 0.45 million J.Y. 771, 182 million Rs. 47 lakhs) 16.47)))))	5/8% over SIBOR
3.	M/S. Bennett Coleman & Co. Ltd.	£ 4.48 million	7.05	9.5%
4.	M/S Golden Tobacco	\$ 10.61	11.48	7.75%
5.	Industrial Development Bank of India.	Yen 5 billion	23.5	8%

1	2	3	4	5
6.	M/S. Bajaj Auto Ltd.	\$ 22.00 million	23.80	5/8% over LIBOR for floating rate, and 10.25% & 14.25% for fixed rate loan portions.
7.	M/S. Hindustan Aeronautics Ltd.	DM 105 million	43.00	9.125%

Note : (1) Does not include the Euroloan of \$ 30 million (Rs. 31.35 Crores) sanctioned for ICICI in March 1984, the Loan Agreement for which was signed in May 1984.

(2) LIBOR : London Inter-Bank Offered Rate.

SIBOR : Singapore Inter-Bank Offered Rate.

Custom and Excise Duties due from individuals/firms/Industrial Houses/Companies

3767. SHRI K. PRADHANI : Will the Minister of FINANCE be pleased to state :

(a) the names of individuals/firms/ Industrials Houses/Companies from whom Customs and Excise duties amounting to Rs. 5 lakhs and above are due but are locked up in court proceedings ;

(b) whether this problem has now eased to a great extent by the recent judgement of the Supreme Court on valuation of excisable goods i.e. interpretation of Section 4 of the Central Excise and Salt Tax Act ; and

(c) if so, the steps Government propose to take to move the respective courts for an early decision and enforce recovery of some hundreds of crores of rupees of public money thus locked up in litigation in various court cases ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.M. KRISHNA) : (a) A large number of cases are pending in various courts of Law disputing classification valuation and interpretation of notification etc. under the provisions of Customs and Central Excise Law. It is not practicable to quantify the amount of duty in many of these cases till a final decision is arrived at by the Courts. The number of individual/firms companies from whom duties are due but locked up in court proceedings is very large. If the Hon. Member desires information in respect of any individual/firm/company, the same will be collected and furnished.

(b) Yes, Sir.

(c) Instructions have been issued for moving the courts through the Ministry of Law/ Standing Counsels for early decision in these cases. Where court cases have been finally decided, efforts are made to realise the arrears as early as possible.