

Life Insurance Corporation of India and the General Insurance Corporation of India that necessary action has been initiated against the persons involved in fraudulent insurance claims detected during the years 1994 and 1995.

(b) Does not arise.

(c) Eight cases have been referred to the Central Bureau of Investigation.

(d) Whenever instances of fraudulent insurance claims come to light, investigations are carried out by the concerned departments in consultation with Vigilance Departments of respective companies/Corporations and necessary action is initiated. Regular audit is conducted by Internal Audit Departments to check occurrence of such frauds. CBI is informed when outside parties are involved. If any connivance of insurance employees is noticed, disciplinary proceedings are initiated. The vigilance activity of the Insurance Corporations/Companies are monitored at the Board level of the Corporations/Companies as well as at Ministry's level also. These measures help to a large extent, in preventing corrupt practices in the Insurance Companies/Corporations.

[English]

Frauds in Canara Bank

48. SHRI JANG BAHADUR SINGH PATEL : Will the Minister of FINANCE be pleased to state

(a) whether the attention of the Government has been drawn to the newsitem captioned "Bedi brothers find lakhs missing from bank account" appearing in the *Times of India* dated December 21, 1996;

(b) if so, whether five cheques amounting to Rs. 9 lakh were cashed by someone from Canara Bank's Rajouri Garden Branch, New Delhi;

(c) if so, the manner in which five cheques were cashed one after the other on forged signatures and the bank authorities failed to check the fraud;

(d) whether any departmental enquiry or police complaints have been made by the bank authorities;

(e) if so, the details thereof; and

(f) if not, the reasons therefor ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b) Yes, Sir.

(c) to (f) Canara Bank has reported that the five cheques were from the cheque book issued to the account holder and the signatures appearing in the cheques appear to tally with the specimen signature lodged with the bank. All the five cheques were paid across the counter in good faith without any negligence on the part of the bank. The bank has reported that even though statements of account were regularly made available to the account holders, the alleged fraud was brought to the notice of the bank only when the bank pointed out that in one subsequent cheque the seal of the account holder was not affixed. The internal

investigations conducted by the bank did not reveal any staff involvement. The bank has also reported that it got the signatures examined by a hand writing expert who confirmed pictorial similarity in these signautres i.e., forgery in the signature cannot be detected by a layman without scientific analysis/aid of magnifying lens.

Since the party had filed a police complaint and FIR has already been registered, the banks has not filed a separate police complaint in the matter.

Foreign Exchange Regulation Act

49. SHRI G.A. CHARAN REDDY :
SHRI SUDHIR GIRI :

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to replace Foreign Exchange Regulation Act (FERA) with a comprehensive, progressive legislation covering all aspects of money laundering in view of liberalisation;

(b) if so, the details thereof; and

(c) the time by which the new legislation is likely to be brought forward ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c) Major changes in FERA were carried out *vide* Foreign Exchange Regulation (Amendment) Act, 1993 (29 of 1993). However, a comprehensive review of FERA is currently being undertaken and further changes, if necessary, may also be considered.

With regard to legislation on money laundering, a Bill may be moved in Parliament in the ensuing Budget session.

IDBI Loan to GSECL

50. SHRI SATYAJITSINH DULIPSINH GAEKWAD :
SHRIMATI BHAVNABEN DEVRAJBHAI CHIKHALIA :

Will the Minister of FINANCE be pleased to state:

(a) whether Gujarat State Electricity Company Limited has sought a loan of Rs. 600 crores from Industrial Development Bank of India for the two power projects;

(b) if so, the details thereof; and

(c) the decision taken thereon ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). The Industrial Development Bank of India (IDBI) has reported that Gujarat State Electricity Corporation Limited (GSEC) has approached it for a term loan for setting up two coal based power plants. IDBI is examining the proposal.

Small Scale Industries

51. SHRI AYYANNA PATRUDU : Will the Minister of INDUSTRY be pleased to state:

(a) whether attention has been drawn to the news item captioned "SSIs demand parity with large units" appearing in the *Indian Express* dated January 3, 1997;

(b) if so, the reaction of the Government to the parity demand of Small Scale Industries with large units; and

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

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) Yes, Sir.

(b) and (c) The parity demanded in the news item is mainly with regard to the availability of cheaper credit as small units now pay guarantee commission charges at the rate of 2.5% over and above the interest rate. According to Reserve Bank of India, guarantee cover is obtained in respect of small units as no security is available. Banks, therefore, safeguard their interest by taking DICGC cover. This also additionally encourages banks to extend loan to SSIs. Besides, demand has been made for providing credit without collateral security. As per Reserve Bank of India guidelines/norms, for loans upto Rs. 25,000 collateral security/third party guarantee should not be taken.

Imposition of Export Obligation Condition on Foreign Investment

52. SHRI CHITTA BASU : Will the Minister of COMMERCE be pleased to state:

(a) whether any proposal is under consideration of the Government to make export obligation as a pre-condition for foreign investment as in the case of some South-East and East Asian countries;

(b) if so, the details thereof and if not, the reasons therefore;

(c) whether the Government are aware that foreign investors do not export sizeable commodities manufactured in the country as per their export commitments;

(d) if so, the details thereof; and

(e) the steps proposed to be taken by the Government in this regard ?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI BOLLA BULLI RAMAIAH) : (a) and (b) No, Sir. As per the present policy, foreign investors who propose to take up manufacturing in India of the 22 specified industries in the consumer goods sector, have to meet the condition of dividend balancing. Further, export obligation is also imposed where a foreign equity participation in a Small Scale Industry (SSI) unit exceeds 24% or a non-SSI unit proposes to manufacture an item reserved for SSI. Export Oriented Units with foreign investment are also obliged to export entire production, except sale in the domestic tariff area as admissible under the Exim Policy.

(c) to (e) The foreign investors are obliged to export their manufactured products as per export obligation under the relevant scheme. Their export performance is monitored by the concerned Departments/Agencies of the Government of India and appropriate penal action is taken in cases of default as per prescribed norms

Dearness Allowance

53. SHRI K.H. MONIYAPPA : Will the Minister of FINANCE be pleased to state:

(a) whether one more instalment of Dearness Allowance has become due for the Union Government employees from January 1, 1997 due to the sharp increase in the prices of essential commodities;

(b) if so, the details thereof; and

(c) the time by which the D.A. would be announced/sanctioned by the Union Government ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c) In accordance with the existing formula relating to the grant to dearness allowance to the Central Government employees, additional instalments of dearness allowance become due from 1st January and 1st July every year on the basis of percentage increase in the 12th monthly average of All India Consumer Price Index for Industrial Workers (General) (1960=100) over the base index of 608. The instalment due from 1st January normally becomes payable with the salary for the month of March, paid in April

Conversion of I.R.B.I.

54. LT. GEN. SHRI PRAKASH MANI TRIPATHI :
DR. LAXMINARAYAN PANDEY :

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have converted the Industrial Reconstruction Bank of India (IRBI) into a company;

(b) if so, the details thereof; and

(c) the benefits likely to be accrued to the Government and other shareholders in the IRBI as a result thereof ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c) An Ordinance to provide for the transfer and vesting of the undertakings of the Industrial Reconstruction Bank of India to and in the Company to be formed and registered as a Company under the Companies Act, 1956, and for matters connected therewith or incidental thereto and also to repeal the Industrial Reconstruction Bank of India Act, 1984 was promulgated on 24th January, 1997. Necessary action for introduction of the Bill to this effect in the current session of Parliament is being taken.

Coal Linkage for Power Plants

55. SHRI K.P. SINGH DEO :
SHRI N.J. RATHWA :

Will the Minister of COAL be pleased to state

(a) the number of coal based power plants in the country;

(b) whether the proposal to provide coal linkage for some power plants are pending for the approval of the Government;

(c) if so, the details thereof and the number of such