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Title: Need to order CBI enquiry to protect the exporters of Tirupur from the clutches of Forex Derivatives Contract.

\*SHRI SIVASAMI (TIRUPUR) : Hon'ble Chairman I wish to bring to the notice of the august House, through you, the sorry state of affairs of the exporters in my parliamentary constituency, Tirupur, in Tamil Nadu. In order to improve India's exports, and to render assistance to the exporters, banks have been extending loans and monitoring Small and Medium Enterprises (SMEs).

In 2007, when there was steep appreciation of Indian rupee against US dollar, the exporters from Tirupur as well as other parts of the country incur red heavy losses. This was because many banks entered into Forex Derivative contract with SMEs by cajoling them. It resulted in exporters of Tirupur and other parts of the country losing thousands of crores of rupees. In Tirupur alone, exporters have lost a sum of Rs.300 crore. In many other states, exporters have lost to the tune of approximately Rs.8,000 crore. SBI and other banks have flouted the instructions and guidelines of both the RBI and FEMA rules and converted these loss account as long term loan, which has undeniably added to their burden.

These exporters approached the Standing Committee on Finance and RBI and ventilated their genuine grievances. RBI, issued instructions to keep the profit and loss account of these exporters separately to protect them. Except the SBI, all other banks have accepted and implemented the instructions of RBI.

When the Bankers going to court against the exporters the issue was taken to Orissa High Court. It ordered CBI to carry out a thorough investigation into this sordid aspect after registering a case in which it was found out by CBI that the banks flouted the RBI guidelines. But to the utter dismay of affected exporters, Association of Bankers have obtained interim stay from the Supreme Court against the CBI enquiry ordered by the Orissa High Court.

Under these circumstances, I strongly urge upon UPA Government to order CBI enquiry on a war-footing and to protect the exporters of Tirupur and others from the clutches of Forex Derivatives contract which the banks have entered into with these exporters by flouting the RBI guidelines.