

Title: Raised the irregularities in the transfer of shares pertaining to Tamil Nadu Mercantile Banks Ltd.

SHRI M. DURAI : Hon'ble Chairman, through you, I would like to draw the attention of the Hon'ble Finance Minister about the irregularities in the transfer of shares pertaining to Tamil Nadu Mercantile Bank Ltd.

The Bank founded by the Nadar community in 1921 is now called Tamil Nadu Mercantile Bank Ltd. It has 143 branches and has turnover of about Rs. 1600 crores. When Essar Company tried to take over the Bank purchasing about 67% of shares, the Nadar community formed a forum called 'Nadar Mahajana Share Investors Forum' to buy back the shares. When RBI refused to register the shares in the name of Essar Company, they preferred to sell it to one Mr. Sivasankaran, an NRI. When he applied for a loan from IDBI he had stated that he bought the shares of Tamil Nadu Mercantile Bank for Rs. 135 crores. But in August 1997 one Shri Sashi Ruia of Essar Company informed the Governor, RBI, that they had sold the shares for Rs. 90 crores. This only highlights Mr Sivasankaran's concealment of facts before the Constitutional financial bodies like RBI. There is a CBI's charge against Mr Sivasankaran (Case No. 117/97) before a Special Court for misleading State Bank of India. In the meantime in his affidavit to the Chennai High Court he has stated that he has not purchased the shares of TMB from Essar Company.

Hence I urge upon the Government to ensure that TMB's shares are not transferred and registered in his name and Mr Sivasankaran do not get any help from either the Government or the RBI and settles the issue with the Nadar Mahajana Investors Forum. All his applications pending with RBI must be rejected to ensure that Tamil Nadu Mercantile Bank remain with the founding community.

*Translation of the speech originally delivered in Tamil.

MR. CHAIRMAN: Shri Durai, please conclude.

... (Interruptions)

MR. CHAIRMAN: Zero Hour is becoming a speech-making hour.