

(b) if so, the details thereof indicating inter-alia the objectives likely to be achieved thereby;

(c) the details of money market instruments in which the above fund is likely to be invested;

(d) whether this scheme will be tax efficient as the capital gains made on repurchase of investment; and

(e) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) Yes, Sir. Unit Trust of India has launched a 100% debt fund, called the UTI Bond Fund on 04.5.1998.

(b) As per information furnished by UTI, the fund is open ended offering easy liquidity with repurchase facility on a continuous basis. There will be no income distribution under the plan. The repurchase will be based on the Net Asset Value calculated on a daily basis. The investments in the scheme qualify for capital gains under Sections 48 and 112 with benefit of indexation. The stated objective of the fund is growth of capital with complete liquidity through investment in debt instruments.

(c) According to UTI, the fund will mainly invest in debt instruments and the money market instruments in which it could invest include call and notice money, reverse-repos with RBI and commercial banks, commercial papers, certificates of deposit etc. However, investment in money market instruments will be kept to the minimum to be able to meet the liquidity needs of the plan.

(d) and (e) Since the scheme will not distribute any returns, there is no incidence of income tax. At the time of repurchase investors realise capital gains which is taxable. Repurchases after one year will be treated as long term capital gains and will be subject to tax treatment under Sections 48 and 112 of the Income Tax Act, 1961. Further, investments in this plan also qualify for capital gains tax exemptions under Section 54 EA and 54 EB.

#### Violation of RBI Rule by Vysya Bank

2601. DR. BIZAY SONKAR SHASTRI : Will the Minister of FINANCE be pleased to state:

(a) whether Vysya Bank Limited has been repeatedly committing violations of RBI regulations such as that of stock invest scheme, bridge loans, bill finance, SLR & CCR etc. and the RBI has imposed monetary penalties;

(b) if so, how do these violations compare with other private sector banks;

(c) the action the Government propose to take in the matter to ensure that the bank to follow the laid down RBI regulations/norms; and

(d) whether there is also any proposal to replace directors on the Board of directors of the bank who have been there for more than three years; and

(e) if not, the reasons thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCE AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) to (c) Vysya Bank Ltd. is a private sector bank and it is neither necessary nor desirable for the Government to keep itself informed of the operational and management functions of such banks. RBI as a regulatory authority has to satisfy itself that the bank is complying with regulatory requirements. In cases having a bearing on the regulatory framework, RBI takes appropriate actions as the Regulator of the Banking System. RBI have informed that depending on the type of irregularities and violation of RBI's instructions which come to their notice, penalties have been imposed on some private sector banks including Vysya Bank Ltd;

(d) and (e) According to RBI, appointment of Directors other than the Chairman/Chief Executive Officer/Managing Director/Wholetime Director on the boards of private sector banks does not require RBI's prior approval. It is the responsibility of private sector banks to comply with the provisions of Section 10A of the Banking Regulation Act, 1949 in regard to the composition of the Board of Directors and the tenure of the Members. RBI have further informed that they have not received any proposal from Vysya Bank Ltd. regarding replacement of Directors who have been on the Board for more than three years.

#### MOU with CCI

2602. DR. T. SUBBARAMI REDDY :  
SHRI SANDIPAN THORAT :

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government have allocated Central assistance of Rs. 7 crore for a programme aimed at improving production, and purity of cotton during 1998-99 as per MOU between Textile Ministry and Cotton Corporation of India;

(b) if so, the details of the scheme, specific activities formulated for extending financial support and State-wise break up of areas to be covered under the programme, the estimated number of beneficiaries, produce of certified goods etc;

(c) whether the National Cotton Research Institute at Nagpur is involved in execution of the scheme;

(d) if so, the present status of the scheme, and

(e) whether it has also been decided to adopt and plan to promote one village one variety principle to improve the purity of cotton and to produce truthful label seeds?

THE MINISTER OF TEXTILES (SHRI KASHIRAM RANA) : (a) and (b) No, Sir. However, a Memorandum of Understanding (MOU) has been signed between Cotton Corporation of India Ltd. (CCI) and the Ministry of Textiles for the year 1998-99. The objectives of the MOU include among other things augmenting the availability of certified seeds with a view to increasing the production and productivity of cotton in the country.

(c) No, Sir.

(d) Does not arise.

(e) Under its Village Adoption Scheme, the CCI adopts villages to promote the 'one village one variety' principle and it supplies good quality seeds to growers in such villages at a discount of 25% and also supplies good quality pesticides at cost. These measures are aimed at encouraging cotton growers to maintain purity of cotton and to facilitate production of truthful label seeds in the case of straight varieties.

#### Export of Horticulture

2603. SHRI R. SAMBASIVA RAO : Will the Minister of COMMERCE be pleased to state:

(a) whether the Government propose to make efforts for greater exports of horticulture products;

(b) if so, the details thereof;

(c) whether the private sector is likely to be involved in this scheme; and

(d) if so, the details thereof?

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE) : (a) to (d) The Government has been making continuous efforts to increase exports of horticulture products by providing assistance to growers and exporters through various schemes. The beneficiaries under the schemes implemented include those from the private sector apart from Government Cooperatives and public sector agencies. Some of the steps taken to enhance production and exports of horticulture items such as fruits and vegetables are:-

- (i) Providing assistance for raising small and large nurseries for production of good quality planting material, upgradation of technical knowhow of farmers through demonstrations, trainings and publicity, rejuvenation of old orchards, area expansion, supply of minikits for vegetables, improving productivity and training of farmers

under the Centrally Sponsored Scheme on Integrated Development of Tropical, Temperate and Arid Zone fruits;

- (ii) Provision of soft loans for setting up of grading/processing centres, auction platforms, ripening/curing chambers and quality testing equipment;

- (iii) Providing financial assistance to exporters/growers/Cooperative Societies for development of infrastructural facilities such as purchase of specialised transport units, establishment of pre cooling/cold storage facilities, integrated post-harvest handling systems (pack houses); The scope and scale of financial assistance under various schemes have been reviewed and enhanced during the year 1997-98.

- (iv) Grant of financial assistance for improved packaging and strengthening of quality control including through installation of latest ISO 9000/HACCP equipments at export units;

- (v) Establishment of vapour heat treatment facilities for improving the acceptability of the product especially the mangoes in overseas markets. Research efforts are on for the use of modern technologies such as the Controlled/Modified Atmosphere technologies in transportation for increasing the shelf-life of perishable products;

- (vi) Grant of Air Freight Subsidy for exports of selected fresh vegetables and fruits;

- (vii) Arranging promotional campaigns such as buyer-seller meets and participation in important international fairs and exhibitions;

- (viii) Setting up of integrated cargo handling and cold storage facilities at various International Airports for handling export of perishable items such as fresh fruits and vegetables;

- (ix) providing technical advisory services and other support services to, trade and industry including training to farmers for export production, quality control, packaging, transport, etc.

#### Production of Coffee

2604. SHRIMATI JAYANTI PATNAIK : Will the Minister of COMMERCE be pleased to state:

(a) the States growing coffee at present and the production of coffee in these States during each of the last three years, State-wise;

(b) whether the Government propose to increase the production of coffee during the Ninth Plan; and