

and orderly fashion, subject to appropriate regulation by the RBI.

- (2) In terms of institutions, ultimately there should be only banks and re-structured Non-Banking Financial Companies (NBFCs).
- (3) The special role of DFIs is recognised and a transitional path is envisaged for them to become either a full-fledged NBFC or a Bank.
- (4) Since Banks are special, any conglomerate in which a bank is present, should be subject to a consolidated approach to supervision and regulation.
- (5) A corporate form of organisation under the Companies Act is preferred to provide the financial intermediaries, necessary flexibility for mergers, acquisitions and diversification to meet the needs of the evolving situation.
- (6) The supervisory functions are to be delinked from refinancing institutions and brought under a consistent supervisory framework.
- (7) The ownership role should be transferred from the RBI to the Government of India in respect of financial intermediaries so that there is a focussed attention by the RBI on its supervisory/regulatory functions.
- (8) The harmonisation in the working of various institutions should be at the initiative of the organisations themselves with the RBI being available for guidance and consultation.
- (9) Various efficiency issues pertaining to each organisation have to be addressed individually by the banks/DFIs, who are encouraged to deliberate among themselves and take necessary decisions urgently.

119070
Bank Losses (Bank 1-3)

1567. SHRI K.S. RAO :
SHRI RAMKRISHNA BABA PATIL :

Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been drawn to the news-item captioned "Mark-to-Mkt. losses of banks at Rs. 800 Cr." appearing in the "Business Standard" dated February 2, 1999;

(b) if so, whether the Government have adopted any strategy to check such losses; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) Yes, Sir.

(b) and (c) Investments made by banks in Government securities and other approved securities are categorised as 'current' or 'permanent' in the proportion envisaged by RBI's instructions from time to time. 'Current' securities are to be valued on the basis of their market price on the date of such valuation and where market quotations are not available, on the basis of Yield to maturity rate (YTM) prescribed by RBI, and any short-fall in valuation is to be provided for while no credit is taken for any appreciation in value. Hence the provisions made while marking 'current' securities to market constitute a notional loss at the end of each financial year. The actual loss, if any, can be determined only at the time the securities are finally disposed off.

17000
Production Growth of CCI

1568. SHRI ARJUN SETHI : Will the Minister of INDUSTRY be pleased to state:

(a) the turnover of the Cement Corporation of India achieved during the last three years in terms of production and revenue earnings;

(b) whether the growth of Cement Corporation of India has been slowed down; and

(c) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI SUKHBIR SINGH BADAL) : (a) The details of production and sales during the last three years (1995-96, 1996-97 and 1997-98) are given below :—

	1995-96	1996-97	1997-98
Production (Lakh MT)	19.56	17.20	9.85
Sales Turnover (Rs. in crores)	436.86	405.11	236.92

(b) and (c) Yes, Sir. The growth of Cement Corporation of India has slowed down during the last three years in terms of production and sales turnover.