

**Functioning of Private Institutions/
Companies as a Full-Fledged Bank**

*542. SHRI G. K. SHEKHADA:
SHRI SOMJIBHAI DAMOR:

Will the Minister of FINANCE be pleased to state:

(a) whether private non-banking institutions/companies are authorised to do banking work;

(b) if not, whether functioning of some institutions/companies as a full-fledged bank in different parts of the country, particularly in Gujarat has come to the notice of Government;

(c) if so, the details thereof and the action taken or proposed to be taken by Government in this regard;

(d) whether some of these institutions/companies have since stopped functioning and siphoned away a huge amount of deposits;

(e) if so, the details thereof; and

(f) the action taken or proposed to be taken by Government against such companies and to get the money of the depositors refunded?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) Reserve Bank of India (RBI) has reported that it has not authorised any private non-banking institution/company to conduct banking business.

(b) to (f). Non-banking financial companies and unincorporated bodies undertake deposit acceptance activities which are regulated under different sets of guide-lines/regulations of RBI. As far as non-banking financial companies are concerned, RBI regulates their deposit acceptance activities

in terms of directions issued under Section 45-K of RBI Act to these companies. These directions, inter-alia, provide for the ceiling on quantum of deposits in relation to their net owned funds, minimum and maximum period of deposits, maximum interest rate, brokerage payable etc. The deposit acceptance activities of the unincorporated bodies such as individuals/partnership firms/association of persons on the other hand are regulated under the provisions of Chapter III-C of Reserve Bank of India Act, 1934. These provisions prohibit such bodies etc. from accepting deposits from depositors beyond the specified numbers.

RBI has reported that it has received some complaints against two concerns functioning in Gujarat about non-payment of deposits by them. One of these is a sole proprietorship and the other a company. In the case of the sole proprietorship, the RBI has already filed a complaint for violation of provisions of RBI Act. In the case of the company, prohibitory orders prohibiting the company from accepting further deposits have been issued. Petition for winding up this company under the provisions of Companies Act, 1956 has also been filed by the Registrar of Companies in the High Court of Bombay.

Smuggling of Electronic Items

*543. SHRI MADAN LAL KHURANA:
Will the Minister of FINANCE be pleased to state:

(a) whether smuggling of electronics like V. C. Rs, V.C.Ps. etc. is on the increase;

(b) if so, the reasons thereof and name of the countries from where these items are being smuggled;

(c) the details of the loss suffered by the Exchequer on account of the smuggling of these items; and

(d) the steps proposed to be taken to check the smuggling of these items?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (c). Available reports and seizures made (as shown in the table below) indicate that V. C. Rs. and

V.C.Ps of Japanese origin continued to be sensitive to smuggling into the country mainly via Bangladesh, Nepal, Dubai and Singapore. It is, however, not possible to estimate the exact quantum of this smuggling and therefore it is also not possible to estimate the loss suffered by the exchequer on account of smuggling of V. C. Rs and V. C. Ps:-

Value of seizures (Rs. in lakhs)

	1987	1988	1989	1990 (Provisional) (Upto 2.4.1990)
Electronic items (V.C.Rs/V.C.Ps)	1720	2424	2792	319

(d) The anti-smuggling drive has been intensified and the anti-smuggling agencies remain alert against smuggling of all contraband including V.C.Rs/V.C.PS. Close co-ordination is being maintained among all the agencies concerned with the detection and prevention of smuggling

Funds Collected under Mega Issue

*544. **SHRI R. N. RAKESH;**
SHRI MANIKRAO HODLYA
GAVIT:

Will the Minister of FINANCE be pleased to state:

(a) whether funds collected under the mega issues are being grossly misused instead of being utilised for the purpose for which these issues were allowed by the Controller of Capital Issues;

(b) if so, the details thereof, and

(c) the action taken by Government in this regard?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) Funds collected in the so-called Mega Issues of M/s. Essar Gujarat Ltd., M/s. Larsen & Toubro Ltd., M/s. Usha Rectifier Corporation of India Ltd., and M/s. Bindal Agrochem Ltd., permitted in August-September 1989, are being monitored by designated financial institutions as a part of conditions of the consent. No report of misuse of funds raised in these issues has so far been made by the monitoring institutions.

(b) and (c). Does not arise.

Recruitment of SC/ST Candidates in PEC

*545. **DR. BHAGWAN DASS RATHOR:**
Will the Minister of COMMERCE be pleased to state:

(a) whether some senior managerial posts in the Project and Equipment Corporation (PEC) in New Delhi have been filled without representation of SC/ST candidates;

(b) if so, the reasons therefor;