

financial institutions. In a number of cases we will introduce 'single window system' so that clients do not have to waste time in banks. Rules will not be allowed to become bottlenecks. The suggestions made will be taken into account and we will monitor their implementation.

[*English*]

MR. SPEAKER: Q.No.62 has been postponed and Q.No.63 has been transferred. Now Q.No.64.

Tripartite Share Deal by a Nationalised Bank

[*Translation*]

*64. SHRI BRJ BHUSHAN TIWARI: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received a complaint about one of the nationalised banks having entered into a tripartite deal in which shares belonging to a Tea Estate Sterling Company mortgaged with the London Branch of that bank would be sold out to another Company which in turn would further transfer those shares to a third Company, with the knowledge of the bank, and

(b) if so, the action taken by Government in this regard?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) and (b). A Statement is given below.

STATEMENT

Presumably, the Hon'ble Member is referring to the sale agreement entered into by the Punjab National Bank for the sale of shares of Jokai Tea Holdings Ltd. which were held as security against the facilities granted by the erstwhile London branch of the bank to one of its constituents. The Bank held these shares, Nigerian & Sudanese Bills and some immovable properties in the advances made in the account of Esal (Commodities) Ltd. (now under liquidation).

While the Bank has recovered part of its outstanding dues in the account, it is taking steps to realise the remaining dues, inter alia, by disposal of the pledged securities, resorting to legal actions etc. As part of this process, the bank has entered into an agreement preceded by a Memorandum of Understanding for the sale of pledged shares on prices based on the opinions of two tea estate valuers and the recommendations of an expert committee set up by the bank.

The Government had received a complaint alleging that the purchaser will sell the shares to a third party at a higher price. Punjab National Bank has reported that it has no such information and that it had also taken the safeguard of obtaining an expert opinion before finalising the sale agreement.

SHRI BRJ BHUSHAN TIWARI: On the basis of information contained in the statement laid on the table, I would like to know from the hon. Finance Minister as to whether Ministry of Finance made any independent enquiry through its own agencies into this fraudulent deal of money in which all sorts of irregularities were committed in transfer of shares or whether the reply has been given merely on the basis of information furnished by the Punjab National Bank? So far as my information goes, bungling involving 1.5 crore dollars, i.e. Rs. 20 crore, has been made in the deal and the London branch of Punjab National Bank is reported to be involved in this bungling and irregularities, as a result of which the said branch of the bank has been closed. So I would like to have a categorical reply from the hon. Minister as to whether the information contained in the statement laid on the table is based on the information furnished by the Punjab National Bank or whether information has been gathered through the officers of the Ministry of Finance, Directorate of Enforcement or C.B.I.?

PROF. MADHU DANDAVATE: We have tried to enquire into the matter through various agencies. A report has been received from Punjab National Bank also and it has been stated in it that the tripartite deal has been entered into on the basis of competitive

rates and proper price structure. But we have received letters also giving a different region. One of the hon. Members of this House Shri Samrendra Kundu has also written to me about the deal. My other colleagues have also furnished information in this regard. After receiving a report from Punjab National Bank, we requested the Reserve Bank of India to make an independent enquiry into this matter and apprise us of the facts of the case. Final decision will be taken after receiving the report from the Reserve Bank of India.

SHRI BRIJ BHUSHAN TIWARI: I would also like to know whether the representatives of the Punjab National Bank, who visited London, met the representatives of the A.N.Z and the City Bank? For whom these banks were working for? According to my information, these banks were striving for entering into an agreement through some unknown third party. I would like to know whether representatives of Punjab National Banks met the representatives of these banks?

PROF. MADHU DANDAVATE: Hon. Speaker, Sir, in order to obtain loans from the London branch of the Bank, shares were held as security. These shares were sold to a third party. Names of some persons have been mentioned and their names are also with us. It has been alleged that those shares were sold at a considerable profit. These shares were not sold at a reasonable price. We have also received a version from Punjab National Bank in this regard. We have also taken up the matter with the Reserve Bank. We have asked the Reserve Bank of India to give a report in the light of the report of Punjab National Bank. We will enquire into the matter keeping in view the questions raised in the House and information received by us.

SHRI BRIJ BHUSHAN TIWARI: Hon. Speaker, Sir, I put a very specific question to the hon. Minister, but he did not reply it. I asked him whether representatives of the Indian Bank had a talk with the representa-

tives of the City Bank? My last question is that....(*Interruptions*)....

MR. SPEAKER: Mr. Tiwari, now you cannot put any more questions.(*Interruptions*)

PROF. PREM KUMAR DHUMAL: Mr. Speaker, Sir, a number of complaints about the working of the banks are often received. These complaints relate to corruption, delay in sanctioning loans and sale of shares. etc. I would like to know whether the Government propose to make some provisions so as to be able to exercise complete control on the working of banks. Often it has been observed that the information sought through letters, is not given in time or incorrect information is given. The Government does not have full control over banking system. I would like to know whether Government propose to bring any legislation to ensure effective control over banking system so that delay in obtaining reports from different agencies could be avoided? In my view, a comprehensive legislation must be brought so that Government could exercise control over banking system.

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, this question relates to tripartite deal. You have to decide as to whether this question asked by the hon. Member is related to the original question

MR. SPEAKER: It does not come under the purview of the main question. Therefore, you need not reply it.

[*English*]

PROF. N.G. RANGA: But he deserves a faithful answer.

MR. SPEAKER: The Minister does not volunteer an answer.

(*Interruptions*)

[*Translation*]

SHRI MOHAMMAD SHAFI: Hon.

Speaker, Sir, all work has come to a stand still in Jammu and Kashmir due to imposition of curfew. Banks are closed there. Transactions in banks take place only for limited hours when curfew is lifted.....(*Interruptions*).....

MR. SPEAKER: You may please ask specific question.

SHRI MOHAMMAD SHAFI: I am coming to the particular point. When curfew is lifted, banks open and the people rush to banks for obtaining drafts and drawing money but bank employees refuse to issue drafts or give money. Will the Finance Minister issue necessary instructions to the banks to ensure smooth issuance of drafts and withdrawal of money? Businessmen are facing great difficulties there

PROF. MADHU DANDAVATE: Hon. Speaker, Sir, the original question relates to the London branch of the Punjab National Bank and his question is about Jammu-Kashmir. How can I answer it?

[*English*]

SHRI SAMARENDRA KUNDU: I am grateful to the Finance Minister that immediately when he received a letter from me he has intervened; otherwise our country would have been defrauded by about Rs. 30 crores.

In the statement that the Hon. Minister has given the last four lines of the first paragraph read as:

"As part of this process, the bank has entered into an agreement preceded by a Memorandum of Understanding for the sale of pledged shares on prices based on the opinions of the two tea estate valuers and the recommendations of an Expert Committee set up by the bank."

I would like to know as to with whom has this agreement been entered into. If the Minister does not have the information, would

he kindly find out whether these companies or the persons with whom the agreement has been entered into have any credibility at all?

Further, the hon. Minister was good enough to say that he is making enquiries and that he has asked the Reserve Bank to give the report. I would like to know how much time it will take to place this report because it is a very important matter. May I know whether he can place the report within a week, so that we can further examine this matter?

PROF. MADHU DANDAVATE: Sir, I will only inform the hon. Member that a London Branch of the Punjab National Bank had given a loan to M/s. Esal (commodities) Limited in London owned by Shri Rajendra Sethia. (*Interruptions*) Sir, I can utter his name only with my normal tone. Already enquiries are being made. The Punjab National Bank had already sent the report. Shri Kundu's letter is also in our possession. The name which has been mentioned, is also in our possession. We have asked the Reserve Bank to look into the matter. I cannot give a false assurance that within a week I will lay it on the table of the House because on 19th, the Budget is to be presented. Therefore give me some time —relaxation from the Budget discussion — and I assure you that in this very Budget Session, I will lay the findings on the table of the House.

Rangarajan Committee on Computerisation of Banks

*65. SHRI SHANKERSINGH
VAGHELA:
SHRI L.K. ADVANI:

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India had constituted the Rangarajan Committee on Computerisation in banks to examine the impact of computerisation on customer serv-