

Performance of Indian Banks in London

1550. SHRI SANAT KUMAR MANDAL: Will the Minister of FINANCE be pleased to state:

(a) whether the performance of the branches of the Indian banks in London is satisfactory;

(b) if not, the reasons therefor;

(c) whether the capital adequacy ratio of the above branches is very low as compared to other international banks, if so, the reasons therefor;

(d) whether any monitoring of the functioning of these branches is done by the Reserve Bank of India (RBI);

(e) if so, the reasons for not taking corrective measures in time; and

(f) the action proposed to be taken by the RBI to set right the working of these branches?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) to (f) At present six Indian banks are operating 33 branches in the United Kingdom. Their total Balance Sheets (excluding contra items) which were Rs. 5098 crores as at the end of December, 1987 aggregated to Rs. 7271 crores as at the end of March, 1990. The Indian banks having foreign operations are by and large of a small size by international standards and have a low capital base. Government have been contributing more funds to the capital of the nationalised banks to bring their capital ratio to the desired levels.

The performance of the overseas branches of the Indian bank is continuously monitored by the Reserve Bank of India. During the last few years steps have been taken to strengthen the system of operations of the overseas sector in the areas of personnel policy, prudential norms for credit exposures, reinforcing of internal and supervisory controls, introduction of

system of portfolio inspections of international divisions in India of banks having overseas operations. Banks have also closed some of their branches which were considered non-viable.

Study of Generalised System of Preferences

1551. SHRI SANAT KUMAR MANDAL: Will the Minister of COMMERCE be pleased to state:

(a) whether any systematic study has been made of the extent to which the Generalised System of Preferences (GSP) increases trade and how far it has proved beneficial to India;

(b) if so, the outcome thereof; and

(c) if not, the reasons thereof?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): (a) No, Sir.

(b) Does not arise.

(c) The complexity of the schemes implemented by the principal industrialised countries under the GSP with extensive use of quotas, ceilings and maximum country amounts as well as lack of complete data from the donor countries make it difficult to estimate the beneficial effects by way of trade creation or acceleration of industrialisation for a particular country.

Import and release of Natural Rubber by STC

1552. SHRI MULLAPALLY RAMACHANDRAN: Will the Minister of COMMERCE be pleased to state:

(a) the total quantity of natural rubber released by STC to the actual users during the first six months of 1990;

(b) the corresponding figures for the first six months of 1989;