

**Chairman and Managing Director of
New Bank of India**

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*270. SHRI SANTOSH KUMAR
GANGWAR:
SHRI MADAN LAL KHURANA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the alleged irregularities in sanctioning loans and tours performed by the Chairman and Managing Director of the New Bank of India;

(b) if so, the details thereof; and

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

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) and (b). Certain allegations regarding sanction of loans *inter alia* have been brought to the notice of the Government.

(c) Allegation are being looked into.

[Translation]

SHRI SANTOSH KUMAR GANGWAR: The hon. Minister, when he was in the Opposition, had raised several points in this regard. As this problem is not a new one but two years old, I think that the hon. Minister of Finance is familiar with all these points. Therefore, I would like to know whether he has got any information regarding the facts and if so, he may kindly let us know about it. Apart from that, I have got a copy of the two years old report of the RBI in which it has been categorically stated that such serious irregularities have been committed that the New Bank of India had to suffer heavy losses to the tune of Rs. 200 lakh to 250 lakh. Leave apart the press reports in this regard. Anyway, I would like to know as to what effective steps are proposed to be taken by the Government in this regard? The hon. Minister of Finance has given a scant reply and I do not understand what to do in this regard?

MR. SPEAKER: The reply of the hon. Finance Minister should be concise.

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, if the hon. Minister of Finance has that approach of scant expenditure, it is in the ultimate interest of the country. Whatever he has submitted is a fact. When I was in the opposition, I had raised this issue a number of times and I consider myself to be fortunate enough as now I have been entrusted with the responsibility of dealing with that very question which I had raised from the opposition benches and I would like to assure the House that I would achieve that end. As regards the report to which he has referred I have got all the documents with me. A lot of material had appeared in those days in the 'Janasatta' daily to substantiate it. From the preliminary reports of the investigation conducted by the RBI it has become clear that irregularities have been committed in other matters as well and we have got the preliminary material with us in this regard. The RBI is carrying out further detailed investigation in this matter. I would like to assure the hon. Member that this work will be expedited to complete it without any delay and whosoever is found responsible for the same, will be awarded stringent punishment.

SHRI SANTOSH KUMAR GANGWAR: As the hon. Minister has given complete information in his reply to the first part of the question, there is no use of replying to the second part of the question. Therefore, I would like Shri Madan Lal Khurana to ask his supplementary, if any, in this matter.

SHRI MADAN LAL KHURANA: Mr. Speaker, Sir, as it has been stated in the report regarding the way in which loans are sanctioned, I would like to refer to a very interesting case relating to this bank itself. You may be aware that the name of the son of Shri Mohammad Yunus, who was formerly Chairman of Trade Fair Authority of India, is Shri Adil Shahryar. He is a very famous person. At the time when the ship was submerged in U.S.A., he was behind the bars there. The then Prime Minister.... (Interruptions)

MR. SPEAKER: Please ask a supplementary.

SHRI MADAN LAL KHURANA: While he was in jail, he was allotted a plot of land at Okhla, number H-37. That very person had been sanctioned loan by the bank in question... (*Interruptions*)...

[*English*]

SHRI S. KRISHNA KUMAR: Can he raise a personal allegation, Sir?

MR. SPEAKER: I have told him to come to the question.

[*Translation*]

SHRI MADAN LAL KHURANA: I am not levelling any personal allegations. I was only referring to the kind of fraud he had indulged in.

MR. SPEAKER: Ask him for whatever information you want.

SHRI MADAN LAL KHURANA: That is exactly what I am doing, Sir.

[*English*]

SHRI VASANT SATHE: All personal allegation should be expunged, Sir.

[*Translation*]

SHRI MADAN LAL KHURANA: I would like to know from the hon. Minister of Finance through you whether it is a fact and if so, whether an inquiry would be conducted in this regard?

[*English*]

SHRI S. KRISHNA KUMAR: Sir, Shri Yunus is an hon. Member of the *Rajya Sabha*. He cannot refer his name in this House.

SHRI T. BASHEER: Sir, he cannot mention those names. (*Interruptions*)

[*Translation*]

SHRI MADAN LAL KHURANA: I am not making any allegations against him, rather I am referring to his son. I would like to know about the son of Shri Yunus who has been behind bars in the USA and was released on the request of the Indian Government. At the time of his detentions, a plot of land had been purchased at Okhla....(*Interruptions*)...

[*English*]

SHRI VASANT SATHE: Sir, a persons who is not a Member of this House is referred to in this House. He is making allegations. The hon. Member cannot come here and protect himself.

MR. SPEAKER: Mr. Khurana, You only put the question.

[*Translation*]

SHRI MADAN LAL KHURANA: Sir my question is clear. Shri Adil Shahryar who had taken a loan of Rs. 1 crore and 40 lakhs to purchase a plot of land at Okhla and apart from that particular bank, he had taken loans worth several crores from other banks as well. It is on record to this date. The plot of land for which he had taken a loan was not in his name as the hon. Minister of Finance had stated that all the documents in this matter are available with him and also the material which has appeared in the 'Jansatta'. In this connection, I would like to know from the hon. Minister whether an inquiry will be conducted into all such cases where loans exceeding Rs. 1 crore have been sanctioned?

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, I would not like to refer to any particular person here because the Reserve Bank of India is looking into this matter and all the relevant documents have come to us and complaints against several persons have reached us as well. Several Trade unions and Indian National Trade Union have also supplied several documents and other different Trade Unions have also done the

same. The hon. Members have also approached us and they have sent us some papers counter-signed by 28 Members of Parliament. It is worth mentioning that:

[*English*]

the Reserve Bank of India which is vested with the powers to inspect banks under Section 35 of the Banking Regulations Act.

[*Translation*]

The R.B.I. as it is vested with the power of conducting inspection after taking into their possession all the documents relating to those loans, are looking into the irregularities which have been committed and is conducting an inquiry into all these cases of allegations of corruption that have been made. I would like to assure Shri Khurana that we shall never try to cover up misdeeds and in this connection a thorough inquiry shall be conducted.

[*English*]

SHRI S. KRISHNA KUMAR: The hon. Finance Minister has introduced several austerity measures in his budget which has hit the common man and also tried to reduce ostentatious consumption through some of his measures. But, Sir, some of the Chairmen of the nationalised banks are leaders in ostentatious consumption. There is hardly any control over the way they exercise the powers of Chairmanship in setting of opulent offices and their luxurious style of functioning. A lot of expenditure is incurred in running their personal offices when compared to say the Secretary to the Government in the Finance Department. Sir, I am saying this above partisan consideration. The banks were nationalised by Shrimati Indira Gandhi to serve the poor. Will the Chairmen of these nationalised banks be made answerable for the way they conduct their offices and pinned down to in following the priorities laid down by the Government. What are the specific measures that the Finance Minister is going to take in reducing such display of ostenta-

tious consumption by the Chairmen of the Nationalised Banks?

PROF. MADHU DANDAVATE: Sir, whenever it is brought to our notice that some elements in the banks, whether they are officers or others, are responsible for ostentatious consumption and expenditure and when we find actually their assets are disproportionate...

SHRI S. KRISHNA KUMAR: I am not talking about their personal wealth? I am saying how their office are set up, the way they run their offices etc. You visit any of the Bank Chairmen's office.

PROF. MADHU DANDAVATE: Can you give an opportunity to reply to your question?

SHRI S. KRISHNA KUMAR: I am not asking about their personal lives.

PROF. MADHU DANDAVATE: I am coming to that.

So, whenever we find that ostentatious expenditure is there in the management of the offices, in the display of wealth through the furniture and other things, and also in some of the loans that are given to certain select persons, on the basis of that if some *bona fide* doubt is raised or if some complaints are received, we first try to find out departmentally whether there is any *prima facie* case and whenever we find that the matter is serious, we are trying to hand it over to the CBI as it happened in this particular case.

As regards the general austerity measures, we are soon undertaking not only in banks or financial institutions' offices, but in all the offices, austerity measures to cut down the wasteful expenditure and I think within a few months we will be able to achieve that. (*Interruptions*)

SHRI HET RAM: Mr. Speaker, Sir, I wish to know from the Finance Minister how many senior officers are being involved in

the violation of the FERA act. Specially the senior officers of the Punjab National Bank at London and Indian Overseas Banks at Hong Kong are involved in this. How many senior officers were forced to resign, how many were suspended and how many have left these banks to avoid action?

Due to the rampant corruption at the higher level, the banking industry is losing the confidence of the people. I wish to know how many people have been sanctioned loans without any proposal but only by telex messages in the banking industry. (*Interruptions*)

PROF. MADHU DANDAVATE: Mr. Speaker, Sir, though my memory is not very bad, even to remember all the cases of fraud, corruption and action taken from London to Hong Kong, it is too big a thing. (*Interruptions*). He should give a separate notice for this. (*Interruptions*).

[*Translation*]

Panel of Advocates Formed by Banks

*271. SHRI HUKUMDEO NARAYAN YADAV: Will the Minister of FINANCE be pleased to state.

(a) whether the three nationalised banks, viz., the Punjab National Bank, the new Bank of India and the Canara Bank have ap-

pointed a panel of advocates to attend to their cases;

(b) if so, the names of the advocates empanelled for Delhi region and Delhi zone, number of cases assigned to them and the amount paid to them as fee during the last three years; and

(c) the norms followed in appointing these advocates and assigning the cases to them?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (c). A Statement is laid on the Table of the House.

STATEMENT

(a) Punjab National Bank, New Bank of India and Canara Bank have reported that they maintain a panel of advocates to attend to their cases.

(b) The information as furnished by the above three banks is at Annexure.

(c) Empanelment of advocates and allocation of work to them by the public sector banks including the above mentioned 3 banks is determined by several considerations such as, the number of years of experience at the Bar, educational qualification, the type of the case, value of suit, specific expertise of the advocate and the experience of the bank of the handling of the cases by the advocate, the time and efforts demanded by the bank from the advocate etc.