

2. The main reasons for the losses suffered by the Corporation are on account of the heavy interest burden on the past borrowings from the banks/Government which the Corporation had to undertake in order to make large purchases during the years of comfortable cotton supply position, and on account of the carrying costs of the stocks.

3. The working of the Corporation is reviewed by Government from time to time and appropriate measures are taken to make its functioning more efficient and viable.

**SHRI M. RAGHUMA REDDY :** Sir, the Cotton Corporation is neither useful to the farmers nor to the Government. In the statement he has stated that the total accumulated losses incurred by it are up to Rs. 1000 crores, up to 31st August 1985.

May I know from the hon. Minister whether the Government have inquired into the reasons for the huge losses and whether the Government have identified the persons responsible for the huge losses and if so what action has been taken against them.

**SHRI KHURSHID ALAM KHAN :** The main reason for the accumulated losses is due to the fact that interest charged is very high. It was 19.5 per cent and when we represented, it was brought down to 17.5 per cent, plus carrying charges on the stocks of godown that are purchased by the CCI.

**SHRI M. RAGHUMA REDDY :** What steps have the Government taken to streamline the working of the Corporation, will the Government consider the setting up of a House Committee to go into it ?

**SHRI KHURSHID ALAM KHAN :** The working of the CCI is reviewed from time to time and all necessary corrective actions are taken as and when justified.

[Translation]

**SHRI DHARAM PAL SINGH MALIK :** I want to know from the hon. Minister whether Government want to impose a total ban on the import of cotton with a

view to saving the Corporation from sustaining loss and to give incentive to the cotton producers ? If not, the reasons therefor ?

[English]

**SHRI KHURSHID ALAM KHAN :** Only 75,000 bales of short staple cotton was imported during the last season when this type of cotton was in short supply in the country.

#### WRITTEN ANSWERS TO QUESTIONS

[English]

#### Generation of Black Money Due to Rise in Land Prices

\*478. **SHRI MANIK REDDY :**  
**SHRI RAMASHRAY PRASAD SINGH :**

Will the Minister of FINANCE be pleased to state :

(a) whether recent decision to revise land prices in Delhi and elsewhere is likely to further generate black money as reported in the 'Indian Express' of 17 November, 1985 ;

(b) if so, preventive measures proposed ; and

(c) whether a clear picture of the estimated black money and estimated decrease arising from various steps taken, has emerged ?

**THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) :** (a) No, Sir.

(b) Does not arise.

(c) The Government have not conducted any study of the increase/decrease in black money as a result of revision of land prices, which was notified only on 24.10.1985.

#### Cancellation of Policies by L.I.C.

\*479. **SHRI D. P. JADEJA :** Will the Minister of FINANCE be pleased to state :

(a) whether Government are aware of the unsympathetic attitude of nationalised insurance companies, including Life Insurance Corporation of India towards the public ;

(b) the new machinery and vigilance measures instituted to curb such tendencies ;

(c) the number of policies cancelled by the Life Insurance Corporation of India all over India in 1983, 1984 and 1985 ; and

(d) whether there is an element of arbitrariness in such cancellation ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (b) The nationalised insurance companies including the Life Insurance Corporation of India are aware of their obligations towards the insuring public and try to extend their utmost cooperation towards them. They have got established machineries to deal with the complaints generally and in particular with the demands of the policy-holders. Instructions have also been issued by the Government to strengthen their grievance redressal machinery. They have also their vigilance machineries to look into the cases of irregularities committed by the employees involving inter alia corruption.

(c) and (d) The number of policies not taken up during the last three financial years is given below :—

Year	No. of policies	Sum assured (in crores)
1982-83	5513	19.75
1983-84	4418	15.36
1984-85	4509	16.89

The cancellations are made according to prescribed rules and regulations and therefore there is no element of arbitrariness involved.

**Fraud in State Bank of Indore, Chandni Chowk (Delhi) Branch**

\*480. SHRI NARESH CHANDRA CHATURVEDI : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that a fraud of about Rs. Thirtyfive lakhs was detected in the State Bank of Indore, Chandni Chowk (Delhi) Branch in June, 1983 ;

(b) whether it is also a fact that two officers of the branch were found involved therein ; and

(c) if so, the action taken against the officers ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) The State Bank of Indore has reported that the then Branch Manager of State Bank of Indore, Chandni Chowk (Delhi) Branch had allowed drawals against uncleared cheques lodged by a firm with it much beyond the discretionary powers delegated to him. The maximum amount of such over drawals allowed to the party under the head "Demand Drafts Purchased" amounted to Rs. 36.60 lakhs at any single time. However, after setting off the credits in the account, the amount of irregularity worked out to Rs. 27.89 lakhs. The total amount together with interest has since been fully recovered by the bank from the party.

(b) and (c) According to the Bank, in addition to the Branch Manager, four other officers were found responsible for the various lapses concerning the above account. The Branch Manager, as a result of the departmental enquiry held against him, was awarded the punishment of reduction to a lower Grade (from MM-III to MM-II). Two officers, after departmental enquiry were awarded the punishment of censure. Two other officers were issued administrative warnings. The Government is not satisfied with the punishments meted out. The bank is being advised to take firm action.

**Industrial Sickness**

\*481. SHRI ASUTOSH LAW :  
SHRI MAHENDRA SINGH :  
Will the Minister of FINANCE be pleased to state :

(a) whether the Reserve Bank of India has recently analysed the causes and magnitude of the problem of industrial sickness ;