

is it that in the month of May last year a few high officials of DDA and some of the school teachers and others were arrested and suspended? What is the reason for their arrests and why they were suspended?

SHRI ZULFIQUARULLAH: Sir, this Ministry does not know as to why these people were arrested and it does not even know that they were arrested in connection with these cases. So, it is not possible to say anything about it.

Penal Interest Chargeable to Commercial Banks

*1177. **SHRI K. MALLANNA:** Will the **DEPUTY PRIME MINISTER AND MINISTER OF FINANCE** be pleased to lay a statement showing

(a) whether it is a fact that the Reserve Bank has declined to waive penal interest chargeable to the commercial banks on depletion in their statutory liquidity ratio to be maintained at fixed level with the RBI during the bankmen's recent agitation;

(b) whether it is also a fact that for the first time that all major commercial banks including State Bank of India will be paying the penal interest;

(c) if so, how long this state of affairs will go and what are the main causes for the depletion in the Statutory Liquidity ratios; and

(d) whether it is also a fact that in the past, individual banks used to avoid any such imposition of the interest by borrowing money from the 'inter call money market' to restore erosion in their respective Statutory Liquidity ratio but now, as all banks have recorded the depletion, they can not avail of that facility?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ZULFIQUARULALH): (a) to (d). A statement is laid on the Table of the House.

Statement

The Reserve Bank of India Act, 1934 empowers the Reserve Bank of India to impose a penalty on the scheduled commercial banks in respect of their defaults in maintaining the Statutory Cash Reserve Ratio and not Statutory Liquidity Ratio. The Reserve Bank of India have reported that they have not yet demanded any penal interest from the banks which have defaulted on the Statutory Cash Reserve Ratio during the period of bankmen's agitation as the relevant data are still awaited from some banks.

The Reserve Bank of India have reported that some of the major commercial banks have paid penal interest on several occasions in the past for their defaults in maintaining the Statutory Cash Reserve Ratio which occur due to temporary depletion of cash reserves.

The main causes for the depletion of cash reserves during the period of bankmen's agitation are reported to be non-receipt of returns from branches in time by the Head Offices of commercial banks, non-clearance of instruments due to the suspension of clearing and non-movement of funds etc.

The extent of recourse by the banks to the call money market to overcome temporary depletion of cash reserves is limited by the overall availability of lendable funds. Besides, the Reserve Bank has also asked the banks to reduce their reliance on external resources, such as borrowings from the call money market and the participation certificates.

SHRI K. MALLANNA: Sir, I went through the statement very carefully. One can infer by this statement that the Reserve Bank have no control over the commercial banks or indirectly they are allowing these commercial banks to commit this mistake and it has become very much inefficient. So, in this context, may I

know from the hon. Minister what is the total amount of statutory cash revenue ratio of the commercial banks and the names of the banks which have submitted relevant data and the names of the banks which have not submitted any data, and the names of the banks which are defaulters. What is the expected penal interest from these commercial banks?

SHRI ZULFIQUARULLAH: Sir, I need notice about different banks because all this information is not available with me here. But so far as the penal rate is concerned, the Reserve Bank has not yet come to a decision about the penal rate being charged, but if it is charged, it may be upto 3 per cent about the normal bank rate.

SHRI K. MALLANNA: Sir, in reply to part (c) of my question, it has been stated:

“The main causes for the depletion of cash reserves during the period of bankmen’s agitation are reported to be non-receipt of returns from branches in time...”

And some commercial banks, in spite of the repeated demands made by the Reserve Bank of India to submit the progress reports regarding the action taken by giving the facilities available to the agriculturists and the small industrialists, they have not submitted these reports so far. These commercial banks are very much reluctant to help the small agriculturists and industrialists, and they are yet to submit this report. I would like to know whether any action had been taken against these banks and if so, what action had been taken and if not, the reason therefor.

SHRI ZULFIQUARULLAH: As I have already said, there has been a delay in the submission of regular data because of the bankmen’s agitation. The Reserve Bank of India has been asking them to submit all these data. There has been a delay because of the particular reason.

SHRI K. MALLANNA: What is the reason?

SHRI ZULFIQUARULLAH: The reason is that during the agitation period and the non-clearance period, they have not been able to get the information and the statistics readily from their branches.

SHRI S. R. DAMANI: The hon. Minister has just said that the reason for their not maintaining statutory reserve is the bank employees’ strike which was beyond their control. In that case, why is it that the Reserve Bank is insisting on charging penal interest on the banks, when they were helpless? Why are they not giving relaxation?

SHRI ZULFIQUARULLAH: The Reserve Bank of India has not yet decided to charge penal interest. It will decide as to whether penal interest should be charged only after the data from all the banks have been received.

Remittances from Indians Abroad

*1178. **SHRI K. RAMAMURTHY:** Will the DEPUTY PRIME MINISTER AND MINISTER OF FINANCE be pleased to state:

(a) the salient features of the study conducted by the World Bank regarding the impact of labour exports on economic growth of a country;

(b) the total remittances during the past two years from the Indian labour, both skilled and unskilled, and

(c) the percentage of these remittances that has put to productive investment?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGARWAL): (a) to (c). A statement is laid on the Table of the House.