

will bring down the dignity of the House. By this you think you are doing a great thing, but the dignity of the House is being brought down. I am calling one by one. You have already taken 40 minutes on this question. You still want to get up and ask questions. The answer may not be satisfactory, but then there are other methods. You can have a discussion on this some day. But I may tell you that this is bringing down the dignity of the House. It is not proper. One by one you can ask questions. If you are not satisfied, you can have a discussion or something like that later on. But this is not good.

SHRI VINODHAI B. SHETH: I would like to know whether the Reserve Bank or Central Bank had taken any hypothecation or security from that Company and what are the findings of the Tata Consultancy Service?

SHRI H. M. PATEL: I have already said that the account may be said to be overdrawn to the extent of Rs. 10-1/2 crores in current assets because the current assets of the Mills etc. are up to Rs. 5.89 crores.

MR SPEAKER: Rs. 10-1/2 crores are unsecured?

SHRI H. M. PATEL: Yes.

SHRI JYOTIRMOY BOSU: The hon. Finance Minister and the hon. Prime Minister said that the matter had been entrusted to the Reserve Bank of India to enquire and enlighten the new Government. In that context, may I ask the hon. Finance Minister to tell this House clearly whether the present Reserve Bank Governor Mr. Narasimham, till recently was the Secretary of the Banking Department? Is it not a fact that in every Board of the nationalized bank, there is one representative from the Reserve Bank of India, and one representative from the Department of Banking; and in view of that the Governor of the Reserve Bank and the Secretary (Banking) and their predecessors, in order to protect their own skins, will be hiding, more than guiding us in

this matter? In the circumstances, will the hon. Prime Minister and the Finance Minister think over it and institute a probe by persons who are unconnected with this affair altogether?

SHRI MORARJI DESAI: Government is very conscious of all these things, and is trying to see that all these things are changed in a proper manner.

SHORT NOTICE QUESTION

Deposits Received by Allahabad Bank From Kangra Cooperative Bank Limited, Himachal Pradesh

S.N.Q. 14. **SHRI SATISH AGARWAL:**

SHRI KANWAR LAL GUPTA:

Will the Minister of FINANCE AND REVENUE AND BANKING be pleased to state:

(a) whether Allahabad Bank, Parliament Street, New Delhi received Deposits of Rs. 6.45 crores from Kangra Co-operative Bank Ltd., Himachal Pradesh, between December, 1976 and March, 1977 at the interest rate of 17½ per cent per annum against the stipulated rate of interest of 12¼ per cent fixed by R.B.I;

(b) whether more than a lakhs of rupees was paid as brokerage for getting loans in violation of Reserve Bank Rules;

(c) whether Allahabad Bank gave crores of rupees to Punjab and Sindh Bank Ltd., New Delhi during the last six months; if so, the details thereof;

(d) whether the outstanding balance against Punjab and Sindh Bank as on 30th May, 1977 was Rs. 3.44 crores against which receipts for only Rs. 95 lakhs were available with Allahabad Bank on 30th May, 1977; and

(e) if so, what action has been taken against the officers who were responsible for keeping the unac-

counted money of Rs. 2.49 crores on 30th May, 1977?

THE MINISTER OF FINANCE AND REVENUE AND BANKING (SHRI H. M. PATEL): (a) to (e). A statement is laid on the Table of the House.

Statement

(a) The Allahabad Bank has reported that its Parliament Street, New Delhi Branch obtained deposits totalling Rs. 6.45 crores from the Kangra Central Co-operative Bank Ltd., at different points of time between December 1976 and March 1977. These deposits were for a period of one year and the rate of interest agreed to be paid was 17½ per cent p.a.

Reserve Bank's directive on interest rates on deposits is not binding in respect of "deposits made by a banking institution or a co-operative bank other than a Land Development Bank." However, according to the guidelines issued by the Indian Banks Association to its member banks, the interest rate on deposits for periods over 60 days should not exceed 13½ per annum.

(b) The Allahabad Bank reports that it has paid a brokerage of Rs. 1.22 lakhs to two firms for securing the above mentioned deposits. According to the Bank this is not in any way a violation of the Reserve Bank's directive.

(c) and (d). The Allahabad Bank reports that its Parliament Street, New Delhi Branch has at present deposits of Rs. 3.44 crores with the Punjab & Sind Bank Ltd., supported by deposits receipts. The Bank has not yet clarified the position as it stood on 30th May 1977. They have been asked to do so. The Bank has, however, informed that they have deputed a senior officer of the Bank to go into the matter.

(e) The question of taking action against any officer will be considered

by the Bank in the light of the findings of the Investigating Officer.

SHRI SATISH AGARWAL: Certain very serious questions arise out of the answer laid on the Table of the House. Firstly, the Finance Minister has taken cover under the Reserve Bank's directive that no maximum ceiling limit was fixed on the interest rates payable to the lending banks. I would now like to draw the attention of the Finance Minister to a circular of the Allahabad Bank itself, i.e. issued from its regional office at 17 Parliament Street, New Delhi on 3-12-1976. This Circular says:

"Previously, the branch managers were given discretion *vide* head office circular No. 15/32/49 of 1-11-76 to allow interest at 13 per cent per annum on deposits received from banking institutions/cooperative banks for a period of 15 to 60 days and at 13½ per cent per annum on those taken for a period of not less than 6 months.

This was the previous position. They amended it. The circular says:

"The branches have now been given discretion to allow interest on deposits received from other banking institutions/cooperative banks for 61 days and over, at 13½ per cent per annum, provided such deposits remain with us beyond 31-12-76.

I would like to ask the Finance Minister as to what was the urgency for the Allahabad Bank to borrow Rs. 6.45 crores from the Kangra Co-operative Bank Ltd., Himachal Pradesh at such a high rate of interest as 17½ per cent, and that too by paying a brokerage of Rs. 1.22 lakhs against Reserve Bank rules and the head office circular.

SHRI H. M. PATEL: The hon. Member says that I take cover behind the Reserve Bank's directive. I am taking cover behind nothing. I am giving them facts; and if you ask a

question, it is my duty to give you the facts as they stand. It is very necessary to stick to the question. It asks:

(a) whether Allahabad Bank, Parliament Street, New Delhi received deposits of Rs. 6.45 crores from Kangra Co-operative Bank Ltd., Himachal Pradesh, between December 1976 and March 1977 at the interest rate of 17½ per cent per annum against the stipulated rate of interest of 12½ per cent fixed by R.B.I."

What is my reply? I have said:

"(a) The Allahabad Bank has reported that its Parliament Street, New Delhi Branch obtained deposits totalling Rs. 6.45 crores from the Kangra Central Co-operative Bank Ltd., at different points of time between December 1976 and March 1977. These deposits were for a period of one year and the rate of interest agreed to be paid was 17½ per cent p.a."

I confirm it. Again my reply says:

"Reserve Bank's directive on interest rates on deposits is not binding in respect of "deposits made by a banking institution or a co-operative bank other than a Land Development Bank."

This is merely giving you the factual information. Again my reply says:

"However, according to the guidelines issued by the Indian Banks Association to its member banks, the interest rate on deposits for periods over 60 days should not exceed 13½ per cent per annum."

Now I have given the factual position. Does it mean that I have taken cover behind it? What further action should be taken in regard to anything that is improper in this transaction, we will certainly take afterwards.

SHRI SATISH AGARWAL: I would like to know the credentials of the

brokers, whether they had any dealings with this particular bank prior to this, what brokerage was paid to them and what is the provision with regard to brokerage. Since the Allahabad Bank has reported that there is no violation of the rules, I would like to know whether payment of Rs. 1.22 lakhs as brokerage by a Bank is permissible.

SHRI H. M. PATEL: I would again request the hon. Member that he might be more accurate. I have never said that there has been no violation of the rules. I have merely answered the question whether more than one lakh of rupees was paid as brokerage for getting loans in violation of the Reserve Bank Rules. I have stated in paragraph (b):

"The Allahabad Bank reports that it has paid a brokerage of Rs. 1.22 lakhs to two firms for securing the above mentioned deposits. According to the Bank this is not in any way a violation of the Reserve Bank's directive."

Then, if you kindly look at part (e), I have stated:

"The question of taking action against any officer will be considered by the Bank in the light of the findings of the Investigating Officer."

The main office of the Allahabad Bank has appointed, rather deputed, a senior officer to go into the whole of this case. When the investigation is completed and when full facts become available, we shall know what action is to be taken. In the mean time, I have given you all the facts that I have.

SHRI KANWAR LAL GUPTA: The Allahabad Bank has been put to a loss of about Rs. 42 lakhs on account of excessive payment of interest. Some brokerage was also paid. Besides this, an interest of Rs. 6.45 crores was credited in the current account of the Kangra Central Co-operative Bank every month and interest on this in-

terest was also paid. This is the biggest bungling and it is a very serious matter. Of course, it is a fraud. Since even senior officials are involved, I want an independent enquiry other than by bank officers, say by the CBI, to go into it and pin-point the responsibility of the officers who are responsible for it. May I know whether after making enquiries the Minister will lay on the Table of the House the report of that enquiry?

SHRI H. M. PATEL: As I have already said, an enquiry is being made at the present moment by the Allahabad Bank itself. When that report is received, we will consider what further enquiry is necessary and it will be made. I shall certainly be happy to place all the results of the report on the Table of the House.

श्री किशोर लाल : मैं यह मालूम करना चाहता हूँ कि यह जो साढ़े छः करोड़ रुपये को इलाहाबाद बैंक को ज़रूरत पड़ी यह उसी वक्त बारी करने की ज़रूरत पड़ी जब उस में से 5 करोड़ रुपया कलकत्ता के अन्दर कमल नाथ जो बहुत मशहूर आदमी थे उनकी फर्मों को देना था ? क्या मंत्री महोदय इसको डिनाई कर सकते हैं ?
Can the Minister deny it?

SHRI H. M. PATEL: I do not know anything about it. So, there is no question of my denying it or affirming it.

SHRIMATI PARVATHI KRISHNAN: Is the hon. Minister aware of the fact that this particular firm of brokers appeared on the scene just a few days prior to this deal and then got a commission? I would also like to know the credentials of this firm of brokers. For how long has the Allahabad Bank been dealing with them? Have these brokers also collected money from the Kangra Central Co-operative Bank? Have the Allahabad Bank deducted income-tax from the

commission paid to the brokers, in accordance with the rules? Since the Regional Manager, who was responsible for this shady deal, has now been promoted, is it not in the fitness of things that those officers against whom these allegations are being made are suspended while the enquiry is going on? Otherwise, they will prejudice the enquiry.

SHRI H. M. PATEL: So, far as this particular Bank manager is concerned, he has been transferred already.

SHRIMATI PARVATHI KRISHNAN: Transferred on promotion.

SHRI H. M. PATEL: My information is that he has not been promoted, he has merely been transferred. If it is, I shall confirm it. I am only telling you what my present information is.

So far as the brokers are concerned, I have no definite information about them, but they were not new brokers brought into existence. The names of the brokers' firms are: Messrs. Indian Real Estate & Investment Bureau, No. 7, Jantar Mantar Road, New Delhi--they have many branches--and Messrs Ram Prasad Gian Chand & Co. I do not have their address. The former was paid Rs. 78,676 as brokerage, and the latter was paid Rs. 43,654.

A question was raised about the Manager having been transferred. He was given a promotion not now, but in January, 1977, and he has been now transferred from whatever position he was holding to the same position elsewhere.

SHRI YADVENDRA DUTT: May I know whether this firm which has given its address as No. 7, Jantar Mantar Road, had only a capital of Rs. 300 before this transaction which gave it this huge commission and that it was formed just a week before the transaction?

SHRI H. M. PATEL: I take the information. I shall enquire. I can only give the information that I have.

श्री उग्र सेन : मंत्री जी ने अभी बताया कि जनवरी, 1977 में उस मैनेजर को अप-ग्रेड किया गया, उस को तरक्की दे दी गई, बाद में उस का ट्रांसफर कर दिया गया। मैं मंत्री महोदय से बड़ी सफाई से जानना चाहता हूँ—क्या स्टेटस्को बनाने के लिए माननीय मंत्री जी इस बात का आदेश देंगे कि मैनेजर को अपने पद से हटा दिया जाय, अन्यथा उसके प्रमोशन को आगे कैसे जस्टिफाई करते हैं?

SHRI H. M. PATEL: There is no question of justifying the promotion or otherwise. I have given you the facts. When the enquiry is completed, we shall know the details, and we shall decide upon the steps to be taken. However strong the feelings may be, I think it is necessary to proceed against bank officers, as well as others according to the procedures that are laid down. They have certain rights, and enquiries must be made according to the rules. That will be done.

PROF. P. G. MAVALANKAR: From the answers given so far I can say that the Finance Minister is not replying in a direct manner. I am not saying that he is replying in a roundabout manner. Certainly the information that he has given by way of reply falls short of the actual information that seems to be available with some people. It may not be available to him. Therefore, I do not want to be uncharitable to him and the Government. These nationalised banks are really meant for helping the economically poor socially backward sections of the society. But we find that particularly during the Emergency, these banks were used as agencies for all kinds of nepotism and corruption. Since the Prime Minister is here. I ask whether the Finance Minister and the hon. Prime Minister will go into

the whole question of enquiring into the working of these banks so that their original objectives are fulfilled.

SHRI H. M. PATEL: This is a good suggestion and certainly we will consider it.

SHRI VAYALAR RAVI: First, please look into it whether this address, 7, Jantar Mantar Road is correct or not because 7, Jantar Mantar Road is the office of the Janta Party.

The whole dealings of these banks seem to be very fishy. Will you kindly look into the dealings of these banks? Will you please have a thorough check? The hon. Minister has said that a senior officer will look into it. These are all one class and one group of officers. The other course left is the Reserve Bank. Will you ask the Reserve Bank to enquire into it?

SHRI H. M. PATEL: The enquiry will be thorough. The investigation is being made by a senior officer in order to collect full data and then we will decide what further action will be taken.

So far as hon. Member's reference to 7, Jantar Mantar Road is concerned, evidently, he is ill-informed about that. He does not know that at that place a large number of small business houses are there. So, such a kind of cheap jibes does not give credence to the hon. Member.

WRITTEN ANSWERS TO QUESTIONS

Prices of Onion

*389. SHRI LAHANU SINDWA:
SHRIMATI AHILYA P.
RANGNEKAR:

Will the Minister of COMMERCE AND CIVIL SUPPLIES AND CO-OPERATION be pleased to state:

(a) whether the price of onion is falling which is affecting onion growers;