

एक दो ब्राइटम घीर बढ़ाई जाये। मैं मंत्री महादय से यह जानना चाहता हूँ कि क्या वह इस बात पर विचार करेंगे कि एक, दो ब्राइटम घीर बढ़ा कर एक्सपैरीमेंट किया जाये ? भ्रगर स्टेट्स को फायदा नजर आता हो तो फिर वह एक्सपैरीमेंट सक्सेसफुल हो सकता है। क्या मंत्री महादय स्टेट्स से पूछेंगे कि क्या वह एक भाघ ब्राइटम बढ़ाकर एक्सपैरीमेंट करने के लिये तैयार हैं ?

**SHRI H. M. PATEL:** I think the hon. Member is not well informed in this matter. Anyhow, even if this suggestion has to be advanced, that does not take us very far.

**SHRI P. RAJAGOPAL NAIDU:** In persuading the state governments what is the alternative put forth by the hon. Minister before them?

**SHRI H. M. PATEL:** The alternative is excise; I have already said so.

**SHRI V. ARUNACHALAM:** Formerly the state governments have agreed to give up the right to levy tax on textiles, sugar and tobacco and the income from these things is frozen to the states. Has the government any proposal to increase the share to the state governments?

**SHRI H. M. PATEL:** The whole of it goes to the state governments.

#### **Inquiry against Allahabad Bank and Central Bank of India**

\*262. **SHRI KANWAR LAL GUPTA:** Will the Minister of FINANCE be pleased to lay a statement showing:—

(a) what is the report of the inquiry made by the Government against the Allahabad Bank and the Central Bank of India;

(b) who made the inquiry and what action has been taken on it; and

(c) is it a fact that no action has been taken against the defaulters?

**THE MINISTER OF FINANCE (SHRI H. M. PATEL):** (a) to (c). A Statement is laid on the Table of the House.

#### **Statement**

(a) to (c). Government have made no enquiry against the Allahabad Bank. If the Hon'ble Member is referring to the transactions in the Allahabad Bank which were the subject matter of the Short Notice Question No. 14 answered by me in this House on 8th July, 1977, the answer is that the bank deputed an officer from its Head Office to enquire into these transactions. A Committee of the Board of Directors has also looked into the matter. The Bank is taking disciplinary action against the concerned officers.

Government have similarly made no enquiry against the Central Bank of India as such. However, a One-Man Committee consisting of Shri D. N. Ghosh, a senior officer in the office of the Comptroller & Auditor General of India, was appointed by Government to look into the credit facilities granted by the Bank to the Kohinoor Mills Ltd.. The report of the Committee has been received by Government and is under examination.

**SHRI KANWAR LAL GUPTA:** In the statement the hon. Minister has stated that a Committee of the Board of Directors had looked into the matter and the bank is taking disciplinary action against the concerned officers. This is relating to the Allahabad Bank.

Regarding the Central Bank he has stated that somebody has been appointed by government to look into credit facilities granted by the Bank to Kohinoor Mills Ltd. and that the report of the committee had been received and is under examination. My question is, what was the report in the case of Allahabad Bank and what was the report in the case of Central Bank and what action has been taken

by you in both the cases? Why somebody else other than an Officer was not appointed to make an inquiry?

**SHRI H M PATEL:** I think so far as the Allahabad Bank is concerned, the Parliament Street Branch of the Allahabad Bank had accepted deposits aggregating sum of Rs 645 crores for a period of one year during December 76 to March 77 at 17½ per cent interest against the Bank's Association's guideline of 13-1/2 per cent and on payment of a brokerage of Rs 122 lakhs. In addition, the branch agreed to pay interest on current account of the Kangra Co-operative Bank against Reserve Bank's directions. During July 76 to May 77 the same branch lent funds aggregating Rs 344 crores to the Punjab & Sind Bank Limited both in participation certificates and in fixed deposits bearing a lower rate of interest than the borrowing rate from the Kangra Cooperative Bank. It was found that only one broker was patronised in all these investments. This subject had been gone into and appropriate action was taken. So far as the Central Bank is concerned

**SHRIMATI PARVATHI KRISHNAN:** What is the action taken on it? That is what he asked.

**SHRI H M PATEL:** So far as the Central Bank is concerned an Officer has been asked to go into the matter and then submit a full report to see what was the state of the textile unit the management of which has substantially been taken over by the Bank, and in regard to its lending.

**SHRI KANWAR LAL GUPTA:** My second part of the question was what action has been taken? He has not replied to that.

**SHRI H M PATEL:** So far as the Allahabad Bank is concerned, the Officers concerned were placed under suspension and inquiry is continuing

That is all. So far as the second case is concerned, it is still under consideration.

**श्री कंवर लाल गुप्त :** मैंने पिछले सत्र में यह सवाल पूछा था कि पिछले तीन सालों में नेशनलाइज्ड बैंकों में पाच लाख रुपये से ऊपर के मिसएप्रप्रिएशन और एम्बेजलमेंट के कितने केसिज हुए हैं। उस के जवाब में बताया गया है कि पिछले तीन सालों में नेशनलाइज्ड बैंकों में पाच लाख रुपये से ऊपर के एम्बेजलमेंट्स की टोटल रकम करीब 8 कराड रुपये बनती है। नेशनलाइज्ड बैंक जिम तरीके से रुपये का बर्बाद करते हैं और वहां जिस तरह एम्बेजलमेंट, मिसएप्रप्रिएशन और फेवरेटिज्म चलता है, वह एक बहुत गम्भीर मामला है। वहां पाच लाख रुपये में नीचे के एम्बेजलमेंट के केस भी हाने। मेरा एग्स्टीमेट यह है कि पिछले तीन सालों में नेशनलाइज्ड बैंक में करीब 15 कराड रुपये का एम्बेजलमेंट हुआ है। करप्शन के भी बहुत केसिज सामन आत है। इस सब का कारण यह है कि डायरेक्टर्स मैनेजिग डायरेक्टर्स और मैनेजर्स का बहुत डिसक्रीशनरी पावरज मिली हुई है। मैं यह जानना चाहता हूँ कि मंत्री महादय इस तरह की बातों का राकने के लिए क्या बंदस उठा रहे हैं। क्या वह इस दार में कोई कमटी बनायेंगे जा उन्हें यह मुआवद कि ये बाने कैसे राकी जा सकतें हैं ?

**SHRI H M PATEL:** These matters are certainly the matters which are being looked into by us. A committee was appointed by the Reserve Bank to go into this question of rapid branch expansion, what are the consequences how to see that whatever difficulties are noticed are put right.

**SHRI KANWAR LAL GUPTA:** About embezzlement.

**SHRI H M PATEL:** Embezzlement as such need not be looked into

because embezzlement results from dilution of the standard of the Officers, etc. Now the dilution has resulted from the fact that there has been a rapid expansion of branches. It has to be viewed as a whole. Embezzlement is a symptom, one of the things which comes to the surface to indicate that something is wrong. Thereafter, we have to go into the matter, the causes may be different. There may be a number of causes. These, we shall go into and they are being gone into. We are endeavouring to see that the quality of the staff is improved by training institutions, the various other steps to be taken to see that the right motivation is there and adequate supervision, etc. All these things are being gone into now.

**SHRI VAYALAR RAVI:** Here the question is very specific about the Central Bank of India. But the Minister has mentioned only about advances to Kohinoor Mills. The allegation was levelled, even on the floor of the House, by some of the hon Members against the Chairman himself, because about Rs 16 crores have been advanced—I am subject to correction....

**AN HON. MEMBER:** Rs. 28 crores.

**SHRI VAYALAR RAVI:** Rs 28 crores have been advanced to these Kapadias especially through another important man who was influenced by the extra-constitutional authority of those days; and allegations were specifically against the Chairman. When you are making an enquiry against the bank, keeping the Chairman, I am afraid Mr Deputy Speaker, Sir, is it not proper. Moreover, Government has changed Chairman of many nationalized banks; and only this Chairman remains. May I know from the hon Minister why he allowed this Chairman to remain while such a serious allegation was levelled against him and an enquiry was conducted? Will he make the enquiry more fair by removing the Chairman from that post?

**SHRI H M, PATEL:** Allegations continue to be made; and if we proceed to remove people or change people on the basis of allegations, there would be no end to it; but we have given serious importance to the allegations made; and, therefore, appointed an one-man enquiry committee.

**SHRI VAYALAR RAVI:** I know the Chairman can influence you through Mr. Palkhivala. We know it. That is why I am asking, Mr. Palkhivala is influencing you.

**SHRI H. M. PATEL:** I have said that the report has been received, and that I shall place a statement here; and place it on the Table of the House.

**श्री किशोर लाल :** मैं मंत्री महोदय से मालूम करना चाहता हूँ कि जितने नेशनलाइज्ड बैंक्स हैं इन में एंटरटेनमेंट पर, फर्निशिंग पर या ट्रेवेलिंग पर कितने परसेंट एक्सपेंसेज होंगे क्या इस की कोई लिमिट मुकर्रंग की है ? मैंने उन के पास फोटो स्टैंट भेजे हैं कि जो इन के मैनेजर हैं उन के शराब के बिल और फाइव स्टार होटल के बिल, अभी रिमेंटली जनता सरकार के आने के बाद कितने एमाउंट के बने हैं और वाउचर पास कर के उन का पेमेंट कर दिया गया है । दैट बाज़ इन वाउचर्डूम । तो मैं यह मालूम करना चाहता हूँ कि जो इन के मैनेजर या अधिकारी हैं उन के लिए कोई लिमिट मुकर्रंग की है कि कौन-कौन सी फैसिलिटीज या और इस तरह की चीजे उन को दी जायेंगी, कौन से होटल में जाएंगे, कितनी शराब पियेंगे, कितने मुम्में खाएंगे, कितने एक्सपेंसेज इनकर करेंगे, इस की कोई लिमिट है या जितना चाहें करते जायें और फाइनेम मिनिस्टर साहब यह कह दे कि हाँ, हम ने उस की एन्वायरी करायी है, उसकी रिपोर्ट पेश कर देंगे । यह देश का एक एक पैसा वहाँ से चलता है और फिर उस के बाद वे उस को खर्च कर दें बिना किसी बात को

देखें हुए कि कितना परसेटेज है, कितने उस के ऊपर ओवर ब्राल एक्सपेसेज है, कितना लेडिंग मे है, कितना बारादिय मे है और कितना इस प्रकार से है ? मैं जानना चाहता हू कि कोई लिमिट नेशन नाइज्ड बैंक के लिए है कि जा इस के गम्प्लाईज हागे उन का कितनी ज्यादा फंसिलिटीज होगी और जा मैंने उन का फोटोस्टैट भेजे है उन पर क्या ऐक्शन लिया ?

**SHRI H M PATEL** The hon Member has mixed up a number of points. He has raised a number of questions. The first point was about the one on which he says he has sent photostat copies etc. This is regarding expenditure incurred at the time of holding a Bank's Board meeting to which labour representatives were called and they were given certain facilities. (Interruptions)

**SHRI KANWAR LAL GUPTA** What facilities? Payment for liquor was made. I sent it to the Prime Minister, and the Prime Minister sent it to the Finance Minister. That was a photostat copy. I think the Prime Minister will bear me out that I sent a photostat copy where payment for liquor was made. At least stop that.

**SHRI H M PATFL** Don't get excited because I am saying that such photostat copies were sent to me relating to certain items of expenditure. The fact that I did not mention that it contains 'sharab'—is that an important point? Let me finish the reply. (Interruptions)

चौधरी बलबीर सिंह : यह बड़ा इम्पार्टेंट प्वाइंट है। यह इम्पार्टेंट क्यों नहीं है ? आप के प्रधान मंत्री कहते हैं कि शागव बन्द करेंगे ।

श्री एच० एम० पटेल : बन्द करेंगे तो जो ऐसा हुआ है उस पर मैंने क्या कदम उठाए हैं, वह भी तो सुनिए । जिस

काटेकस्ट मे मैंने कहा कि इम्पार्टेंट नहीं है वह भी तो समझना चाहिए ।

I have said that it is shown as an item of expenditure. It does not mean that anybody has approved it or said that this should be allowed, or that should not be done. We have drawn attention of the Chairman of that Bank and said this should not happen in future. We have also said that any wasteful expenditure in meetings etc should also be eschewed. This is the directive which we have given. Regarding the other points about lending rate etc. I just do not know what the hon Member has in mind.

**SHRIMATI PARVATHI KRISHNAN** In reply to the question about the Allahabad Bank, the Minister has said that action has been taken. Now the malpractice that he has read out is of a very serious nature. Therefore, I would like to know whether the Minister is setting up a Committee to go into such malpractices and make recommendations for safeguard against such very serious malpractices where you give brokerage to a monopoly non-existent broker where a non-existent bank has taken money at a lower rate of interest and lend it at a higher rate. Is it going to end with action against one or two members of the staff?

**SHRI H M PATEL** I think the whole trouble has arisen because the full reply was not given. I said that the officers were suspended. The further point is that one of the officers went to the Supreme Court and obtained a stay order in so far as his suspension is concerned. This matter has been referred to the CBI, which is going into this matter.

AN HON MEMBER CPI?

**SHRI H M PATEL** They are so anxious that the CPI should convert itself into CBI, that is why they heard it that way. I said "CBI". The investigation is still going on and

whatever information the CBI requires, the Bank is required to furnish. In addition to this, the Reserve Bank has also issued a directive to all scheduled commercial banks, clarifying that payment of brokerage or commission by banks for securing deposits from other banking companies, including cooperative societies and companies is prohibited. This is something which they should never have done at all. Therefore, it is being gone into quite seriously.

**SHRI YADVENDRA DUTT:** The hon. Finance Minister has just now said it is a serious matter and serious action is being taken. Has he suspended the Chairman of the Allahabad Bank and the Central Bank, who are ultimately responsible for all these irregularities.

**SHRI H. M. PATEL:** We have not done anything of that kind because, if we proceed on that basis then nobody could remain in their office or position at all. The Chairman of the Allahabad Bank has his headquarters at Calcutta. This particular incident happened in a small branch. There are hundreds of branches for that Bank and you cannot possibly blame the Chairman for everything that happens in the various branches of that Bank, unless it is found that when a matter came to his notice, he took no action. We have gone into this matter seriously. So also in the other case. If one has to act in a certain manner and he has not acted in that way, certainly we shall take action.

**श्री राममूर्ति:** क्या मंत्री जी को मालूम है कि प्रामीण क्षेत्रों में बैंक खोले रहे हैं और उन बैंकों में दिल्ली और लखनऊ से साफिस्टिकेटेड टीक का फर्नीचर जाता है जिसका वहाँ के सीधे मादे लोगों पर बहुत बुरा असर पड़ता है, इसको रोकने के लिए क्या उनके दिमाग में कोई खयाल है ?

**SHRI H. M. PATEL:** If the rural branches of banks are equipped with expensive type of furniture, we shall instruct the banks not to do so in future. But utility furniture will be necessary though they will still be something which the villages might not be accustomed to, because the banks have to be run as banks are run. Therefore, we can avoid conspicuous type of expenditure, but not necessary expenditure.

**श्री हृकम देव नारायण यादव:** उपाध्यक्ष महोदय, वित्त मंत्री जी ने वतनाया कि मामला सी० बी० आई० को जांच के लिए सुपुर्द किया गया है। मैं जानना चाहता हूँ कि सी० बी० आई० को यह मामला कब सुपुर्द किया गया और अब तक सी० बी० आई० द्वारा कितनी दूर तक कार्यवाही हो पाई है ?

मैं यह भी जानना चाहता हूँ—100-200 या 400 रुपये की गड़बड़ी करने वाला पकड़ा जाय, तो उस के लिए आई० पी० सी० और सी० आई० पी० सी० ई० जिस के अन्तर्गत उस का पकड़ कर जे० ए० बन्द कर दिया जाता है, लेकिन यदि कोई बैंक का अधिकारी लाखों या करोड़ों रुपये का गोलमाल कर दे तो वह उस को पचा जाता है, वह बैंक को भी पचा जायेगा और पता नहीं लगेगा, यदि पकड़ा गया तो सम्पन्न हो जायेगा, कोर्ट में जायेगा तो वहाँ एण्टी-सिपेटरी बेल है। इन सब उडे लागू का हर जगह तालमेल होना है, जिस में वे पकड़े नहीं जाते हैं। मैं जानना चाहता हूँ—इन लोगों को आई० पी० सी० या सी० आई० पी० सी० में मुकदमा चला कर, गिरफ्तार करके जेल भेजने में सरकार के सामने क्या कठिनाई है ?

**SHRI H. M. PATEL:** In this matter there has been no loss of money at all. It is merely that certain transactions took place which were not in

accordance with the rules of the bank. A larger interest rate was paid which is from the bank's point of view an imprudent and unwise way of behaviour because if you borrow at a higher rate of interest and lend it out at a lower rate of interest, that is not what you might call a wise business transaction. So, these are the matters and they have been gone into to establish as to why this was done and so on.

**Investment Policy of Life Insurance Corporation of India**

\*264. SHRI R. KOLANTHAIVELU: Will the Minister of FINANCE be pleased to state:

(a) the policy of L.I.C. regarding investment;

(b) a break-up of the investment made during the last twelve months; and

(c) the extent of contribution made by L.I.C. in the field of housing construction for the weaker sections?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) to (c). A Statement is laid on the Table of the House.

**Statement**

Section 27A of the Insurance Act, 1938, as applied to the Life Insurance Corporation contains the statutory framework for the L.I.C.'s Investment policy. The Government have approved the following pattern for the investments of the net addition to the Controlled Fund of the L.I.C. during the Fifth Plan period:—

(a) *Socially Oriented Sector*

Percentage of the Controlled Fund

(i) In Central Government marketable securities not less than 25%

(ii) In Central and State Government securities including Government Guaranteed marketable securities including (i) above being not less than 50%

(iii) In Socially Oriented sector including Public sector, Cooperative sector, House Building by Policy-holders, OYH scheme etc. including (ii) above being not less than 75%

(b) *Other Investment*

(i) In Private sector 10%  
 (ii) Loans to policy holders 8%  
 (iii) Construction and Acquisition of immovable property by LIC 2%  
 (iv) Funds in pipeline not available for investment 5%  
 100%

The gross investments of LIC in various categories during the period 1976-77 and for the period from 1-4-1977 to 31-1-1978 were of the order of Rs. 593.79 crores and Rs. 530.06 crores respectively. Statements showing the break-up of investments made by the LIC during the above period are placed at Annexe. 'A' and 'B'.

Contribution made by the LIC upto 31st March, 1977 in housing development is given below:

Description	Amount advance (in crores of rupees)
1	2
(i) Loans to State Govts. for financing their various Social Housing Schemes .	263.33
(ii) Loans to Apex Co-op Housing Finance Societies (including loan to Govt. of Karnataka for housing Co-ops. of Scheduled Castes/Tribes)	274.82