

## RAJYA SABHA

Thursday, the 17th November, 1988]  
26th Kartika, 1910 (Saka)

The House met at eleven of the clock, Mr. Chairman in the Chair.

### ORAL ANSWERS TO QUESTIONS

#### Bank Loans for Housing Projects

\*101. SHRI M. S. GURUPADASWAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India has issued instructions to the commercial banks to advance loans to individuals for housing projects;

(b) whether any ceiling has been proposed on the loans to be so advanced by the commercial banks;

(c) if not, what are the reasons therefor; and

(d) when these instructions are to be given effect to?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) to (d) Reserve Bank of India have recently issued instructions fixing the ceiling of Rs. 3 lakhs on the amount of bank loan per individual. These instructions take effect from October 10, 1988.

SHRI M. S. GURUPADASWAMY: Please read out the first part.

SHRI EDUARDO FALEIRO: There is only one part. I will read out again. Answers to parts (a), (b), (c) and (d) of the question:

"Reserve Bank of India have recently issued instructions fixing the ceiling of Rs. 3 lakhs on the amount of bank loan per individual. These instructions take effect from October 10, 1988."

DR. G. VIJAYA MOHAN REDDY: Mr. Chairman, Sir, the Finance Minister has given a prize of rupees 7.5 lacs to Mr. Gurudas Das Gupta which he has contributed for the welfare of the nation, for the people of Punjab, for the struggle of Punjab. I think we are with the Finance Minister in felicitating him. This has brought credit to the entire House and to the stature of Members of Parliament.

MR. CHAIRMAN: It does not arise out of the question. But what he has done has brought credit to Members of Parliament as a whole and to the nation. This is the first thing. It is also very important to mention that he has donated the prize money for the victims in Punjab. I think the whole House is with him.

SHRI M. S. GURUPADASWAMY: Sir, food, shelter and clothing are three important elements in the Minimum Needs Programme. Shelter so far has been neglected. Neither the State Governments nor the Central Government have provided adequate funds in regard to this important thing. So I am happy that the Reserve Bank, even of late, has decided that commercial banks may finance housing activities of individuals. Perhaps it also includes co-operatives. I would like to know from the Minister whether in the original decision of the Reserve Bank, no ceiling was fixed because I heard him say today that a ceiling of Rs. 3 lakhs has been fixed for individuals. My understanding, my information, was that no ceiling was fixed at all by the Reserve Bank when it took a decision on the 8th October or so. Why has this been changed? I say this because the cost of construction is increasing and there should not be any rigidity in regard to the ceiling as such. It should depend upon individual projects. Secondly, Sir, I would like to know from the Minister the rate of interest which is going to be charged. The prevailing rate of interest is about 13.5 per cent or so for loans from established companies. In this

rate of interest going to be adhered to by commercial banks in respect of loans to housing activities? Thirdly, I would like to know, Sir, whether any period has been fixed for repayment. He has not given that information. If he has got it, I would like him to give us the information whether any period has been fixed for repayment. And, if so, what are the terms and conditions of repayment?

**SHRI EDUARDO FALEIRO:** I fully and wholeheartedly agree with the honourable Member when he says that housing must be a priority in Government policies. I am sure the honourable Member will agree with us in the context of housing we give soft and concessional terms to the poorer and smaller man because he is the man who really needs more support. It is in this context I would like to say that with effect from 10-10-1988 the Reserve Bank of India has issued instructions softening the terms of advance for housing finance up to Rs. 3 lakhs. A ceiling has been fixed precisely for the reason that the smaller man must be supported. That is one. Second, housing by itself does not generate income. The housing that we are talking about, the housing that the honourable Members is talking about, is shelter and, therefore, the man will have to pay back this money in instalments of up to 30 per cent of his salary. For repaying this amount of Rs. 3 lakhs, if the honourable Member calculates he will find that the average man has to pay a good deal every month by way of interest plus instalment of the capital. We have not fixed the limit more than Rs. 3 lakhs for this very reason that the thrust is on the smaller man, the middle income man, the salaried employee, with a fairly normal income. The thrust is that that man should not be overburdened with the monthly repayment. If the loan is high, then obviously the interest will be high and the instalment will be high and it will be difficult for the person to maintain himself or herself with

the balance of his or her normal income.

Then what are the terms and concessions given? Up to Rs. 20,000 of loan up to 10th October the rate of interest was 13.5; it has now been reduced to 12.5. Above Rs. 50,000 up to Rs. 1 lakh it was 15 per cent and it has been reduced to 14 per cent. It is not only in regard to the rate of interest. In regard to margin also there have been reductions. Up to Rs. 20,000 the margin is 20 per cent whereas it was 50 per cent earlier. Above Rs. 20,000 and upto Rs. 50,000 the margin has been decreased to 25 per cent. The margin requirement was 50 per cent earlier for loans of Rs. 50,000 to Rs. 1 lakh which has now been reduced to 30 per cent and the margin above Rs. 1 lakh is 50 per cent.

On the question of terms of repayment, now it is 15 years whereas it was 10 years earlier.

**SHRI M. S. GURUPADASWAMY:** The Minister has mentioned 30 per cent or 35 per cent margin, a lesser margin for lesser loans. I would like to know whether this margin is including the cost of site or the individuals have to pay 35 per cent cost for construction. If his contribution is without including the cost of the site, it will be a big burden. Therefore, I would like to know whether the 35 per cent or whatever the margin he has mentioned includes also the cost of site or the market value of the site, or whether there is anything else. I would like him to throw some light on it.

**SHRI EDUARDO FALEIRO:** It excludes the cost of the construction. But we will keep in mind the suggestion of the honourable Member and see what we can do in this context.

**SHRI V. NARAYANASAMY:** The urban people who are constructing houses are getting all the benefits from banks. Now the honourable Minister has given the slabs of inte-

rest. Nowadays the rural population is migrating to towns. Especially the people in the middle income group or those who have their own avocations are also willing to construct houses. Government is providing finance through cooperatives and various other means for constructing houses in towns and rural areas. Now, Sir, the housing industry is assuming a greater dimension and the people nowadays are going in for new constructions. This particular scheme is welcome. But the response from the banks for the purpose of advancing loans is not up to the expectations of the people. As soon as the scheme was announced, when the persons approached the banks, they said that they had not received still any communication from the Reserve Bank of India. Further, Sir, I would like to know categorically from the honourable Minister what the actual target is which has been fixed for the banks for the purpose of advancing loans to the rural areas and the urban areas. I would like to know this from the honourable Minister.

**SHRI EDUARDO FALEIRO:** Sir, the target fixed for the present year is Rs. 225 crores which is likely to be exceeded. For the next calendar year it is Rs. 300 crores. That is the target as a whole. For each bank I do not have the information with me. If he has any particular bank in mind, I can give him the information. Also, if he brings any case in which a bank has been delaying the matter, then we will expedite it. At the moment, I would like to say that really the instructions have been issued only last month, on the 10th October, and it is hardly a month. Maybe when they approached the banks, it was only a couple of days and so, it was difficult. But I can inform you that definitely the banks have been co-operating and will continue to do so.

Sir, let me further elaborate on what I have said. The margin is on the cost of construction and the cost of construction takes into account the cost of land.

**MR. CHAIRMAN:** Yes, Mr. Aswani Kumar.

**SHRI M. S. GURUPADASWAMY:** You said what? Cost of construction includes...?

**SHRI EDUARDO FALEIRO:** It takes into account the cost of land: it is included there.

**MR. CHAIRMAN:** Yes, Mr. Ashwani Kumar.

**श्री अश्विनी कुमार :** माननीय सभापति जी, मैं मंत्री महोदय से जानना चाहूंगा कि क्या यह ऋण जो प्लॉट का मालिक होगा, ऐसे प्लॉट पर दिया जाएगा या को-ऑपरेटिव सोसाइटी बनाकर अगर लोग ऋण लेना चाहें उनको दिया जाएगा या जो हाउसेज के बिल्डर्स होते हैं उनको भी ऋण दिया जाएगा ? इस में क्या प्रावधान है, यह मैं जानना चाहता हूँ ?

**SHRI EDUARDO FALEIRO:** I have already said that the loan is up to Rs. 3.00 lakhs only. It is not meant for and will not benefit the big business. It is only for the small people.

**SHRI GHULAM RASOOL MATTO:** No, Sir. The question was whether it is available to individuals for construction or group societies or co-operative societies.

**SHRI EDUARDO FALEIRO:** It is for individuals, it is for groups, it is for co-operative societies. It is for individuals for building. But it is not for the builders.

**MR. CHAIRMAN:** Yes, Mr. Amin.

**श्री मोहम्मद अमीन :** महोदय, मैं यह जानना चाहता हूँ कि यह जो स्कीम है यह तो उनके लिए है जो मुलाजिम पेशा है या कोई मखसूस आदमी है, लेकिन आप यह जानते हैं कि हिंदुस्तान के देहातों में ऐसे करोड़ों लोग हैं जो बटाईदार हैं, बगैर जमीन के किसान हैं, बहुत गरीब हैं और उनको घर की जरूरत ज्यादा है। उनके लिए सरकार क्या सोच रही है ?

† [شری محمد امین : مہودے -  
میں یہ جاننا چاہتا ہوں کہ یہ جو  
اسکیم ہے یہ سو انکے لئے ہے جو  
ملازم بھشہ ہیں - یا کوئی مخصوص  
آدمی ہیں لیکن آپ یہ جانتے ہیں  
کہ ہندوستان کے دیہاتوں میں ایسے  
گروڑوں لوگ ہیں جو ہجرتی دار  
ہیں - بغیر زمین کے کسان ہیں -  
بہت غریب ہیں اور ان کو کھر کی  
ضرورت زیادہ ہے - ان کے لئے سرکار  
دیا سوچ رہی ہے -]

SHRI EDUARDO FALEIRO: No.  
It is available to all of them provided  
they fulfil the conditions. But there  
is no such distinction. It is available  
to them and we have them in mind.

SHR. MOHAMMED AMIN: But  
they will not be able to repay. What  
are you going to do for this?

SHRI EDUARDO FALEIRO: Of  
course, banks are financial institu-  
tions and repayment is imminent in  
the contract.

श्री मोहम्मद अमीन: उनके लिए  
भी तो आपको कुछ करना है।

† [شری محمد امین : ان کے لئے

بھی دو آپ کو کچھ کرنا ہے -]

श्री सभापति: वह तो अलग सवाल  
होगा जनाब, यह तो लोन का सवाल है।

SHRI MOHAMMED AMIN: The  
20-Point Programme is there.

SHRI EDUARDO FALEIRO:  
There are other schemes for the sche-  
duled Castes and the Scheduled Tri-  
bes where the housing loans are giv-  
en as grants. But the banks deal  
with loans and not with grants.

MR. CHAIRMAN: Yes, Mr. Desh-  
mukh.

SHRI SHANKARRAO NARAYAN-  
RAO DESHMUKH: Has the Reserve  
Bank given such guidelines to the  
other financial institutions such as  
HUDCO and others?

† [ ] Transliteration in Arabic  
script.

SHRI EDUARDO FALEIRO: It is  
available to all of them and it is all  
integrated.

SHRI SHANKARRAO NARAYAN.  
RAO DESHMUKH: No; that is not  
my question. I want to know whe-  
ther these guidelines have been issu-  
ed by the Reserve Bank to the other  
financial institutions like the HUDCO  
and others? That is my question.

SHRI EDUARDO FALEIRO: Sir,  
this Rs. 300 crores is only with re-  
gard to the banks and this concerns  
only the banks and this is the answer  
as far as the bank loans are concern-  
ed.

MR. CHAIRMAN: Yes, Mr. Kha-  
leelur Rahman.

श्री मोहम्मद खलीलुर रहमान: जनाब  
चेयरमैन साहब मैं मुअज्जिज मिनिस्टर  
साहब से यह जानना चाहता हूँ कि  
वीकर सेक्शन के लिए जो लोन दिया  
जाता है, उसमें वीकर सेक्शन के लिए  
कुछ सेक्युरिटी भी रखी गयी है?

† [شری محمد امین : جناب  
چیرمین صاحب میں معزز مینسٹر  
صاحب سے یہ جاننا چاہتا ہوں کہ  
ویکر سیکشن کے لئے جو لون دیا جاتا  
ہے اس میں ویکر سیکشن کے لئے کچھ

سیکوریٹی بھی رکھی گئی ہے -]

SHRI EDUARDO FALEIRO: Yes,  
Sir, security has to be provided. The  
house itself is the security. Even  
otherwise, there has been liberalisation  
and softening of the terms of security.  
Different types of security can be ac-  
cepted. But security is necessary.  
The house itself will give security for  
most people.

SHRI PAWAN KUMAR BANSAL:  
Sir, it is reassuring and very hear-  
tening to know from the Minister  
that if any malpractice indulged in  
by officials or any delay in the grant  
of loan is ever brought to his notice,  
prompt action would be taken. But

† [ ] Transliteration in Arabic  
script.

the fact remains that it is the rich who manage to get the loans, and not the deserving poor people for whom such loans are meant. I would like to know whether he would initiate—on his own—a process of monitoring or to conduct some checks at random to know as to what is the number of applications pending, to which classes the applicants belong, who are the people whose cases have been cleared and whose cases have not been cleared.

**SHRI EDUARDO FALEIRO:** Not only regarding this scheme but the schemes of banks in general, I have myself been visiting different States of the country. I have visited most of them by now and I will visit others, where I have been holding meetings, State level bankers' meetings, along with State Government officials. And that is the purpose of monitoring these schemes.

श्री चतुरानन मिश्र: अध्यक्ष महोदय, जो लोग गरीबी की रेखा से नीचे के लोग हैं उनके लिए 12 परसेंट का इन्टरेस्ट देना बिल्कुल असंभव है और हम मंत्री महोदय को बताना चाहेंगे कि जो मनी-लैंडर्स एकट हैं विभिन्न राज्यों में, उसमें 12 परसेंट इन्टरेस्ट रेट हाइस्ट रेट है, उससे ज्यादा कोश ले नहीं सकता। तो मैं दो बातें मंत्री महोदय से जानना चाहूंगा कि जो बिलो पावर्टी लाइन के लोग हैं उनमें भी दो किस्म के हैं—एक अत्यंत दरिद्र और दूसरे दरिद्र हैं—तो उनके लिए रेट ऑफ इन्टरेस्ट सरकार घटाने के बारे में सोच रही है या नहीं, और दूसरे हम चाहेंगे कि जो अति दरिद्र लोग हैं उनके लिए क्या स्टेट गवर्नमेंट को वह जगह कि वही लोगों की सिक्योरिटी दे दे जैसा कि कई एक इन्श्योरेंस में सिक्योरिटी दिया जा रहा है, इन्श्योरेंस किया जाता है, उस तरह से कोई प्रावधान सरकार करेगी ताकि इस समुदाय के लोगों को हम फैनफिट पहुंचा सकें।

**SHRI EDUARDO FALEIRO:** Sir, I would seek the cooperation of all Members to maintain and strengthen our institutions, and in the present context financial institutions. Waiving of interest by banks as a matter of practice....

**SHRI CHATURANAN MISHRA:** I didn't say total waiving. I said reducing. That should be the aim.

**SHRI S. B. CHAVAN:** I quite appreciate the anxiety expressed by the hon. Member that the rate of interest for all those who are below the poverty line should be brought down from 12 per cent or slightly less. In the cases for the Scheduled Castes and Scheduled Tribes the rate of interest happens to be 4 per cent if the cost of house happens to be Rs. 5000. But if it is more than Rs. 5000, then, of course, the usual rate will be made applicable. (Interruptions)

**SHRI CHATURANAN MISHRA:** Can there be any house for Rs. 5000? It should be reconsidered. Are you going to reconsider this aspect?

**SHRI S. B. CHAVAN:** I quite appreciate what the hon. Member is saying that Rs. 5000 is too low a figure. But ultimately it is a question of banks trying to provide the resources for all this kind of schemes.

Ultimately there is a limit to which cross-subsidisation can be done by banks. If any kind of subsidy is required, I do not think we can require the banks to subsidise schemes. To the extent it is cross-subsidisation, they do. But if it goes beyond that, then we will reconsider as to how best we will be able to reach the level which in fact can be considered as a reasonable level to which the banks should be told to give some kind of subsidised amount of interest. The second point which the hon. Member raised was about the guarantee which was to be given and whether the State Governments will be asked to give some kind of guarantee. I think that is a good proposal and we can write to the State

-Governments that they should think in terms of giving guarantee so far as the weaker sections are concerned.

**SHRI JAGESH DESAI:** Mr. Chairman, Sir, the total amount of advances given by the banks for the purpose of housing is only half per cent of the total advances made by the banks. It is less than Rs. 300 crores. If the scheme is to be made successful, this has to be increased. I want to know whether the Government is thinking to increase the total advances for the purpose of housing from this half per cent to one per cent to make the scheme successful. Secondly, Sir, as far as Bombay is concerned, Shantkarraoji was the Chief Minister of Maharashtra and he knows it that in Bombay the cost of the flat is not less than Rs. 1000 per sq.ft. So, if Rs. 3 lakhs of loan is given, then you cannot have a flat of more than 300 sq. ft. For that purpose, for the purpose of Bombay especially and big cities, I want to know whether the Government is thinking of increasing this limit of Rs. 3 lakhs. Otherwise, in Bombay nobody can take advantage of the scheme. I want to know whether the Government will reconsider for the purpose of Bombay to increase this amount from Rs. 3 lakhs to Rs. 5 lakhs.

**SHRI EDUARDO FALEIRO:** Sir, as far as the percentage of total advances for housing purposes is concerned, it is at the moment 0.5 per cent. We can ask for an increase. We can ask the Reserve Bank to look into this. As regards increasing the ceiling of Rs. 3 lakhs which has just hardly been fixed a month ago, the question does not arise at this point of time.

**डा० जगन्नाथ पित्त :** सभापति जी, मैं मंत्री महोदय से जानना चाहता हूँ कि आपकी दो तीन स्कीमें हैं—एक कृषि मंत्रालय की ओर से, दूसरी शहरी विकास मंत्रालय की ओर तीसरी वित्त मंत्रालय की ओर से व्यावसायिक बैंकों द्वारा

मकान बनाने के लिए ऋण देने के कार्यक्रम है, क्या यह संभव हो सकता है कि अल्प-आय वर्ग या कमजोर वर्ग या अनुसूचित जाति और जनजाति के लोगों को जो सहायता कृषि मंत्रालय या शहरी विकास मंत्रालय से दी जाती है, उनके साथ इन ऋणों का तालमेल स्थापित किया जाए जिससे कि 5 हजार की सीमा के अतिरिक्त राशि उनको मकान बनाने के लिए मिल सके ? कुछ सहायता कृषि मंत्रालय की होगी, कुछ शहरी विकास मंत्रालय की ?

**SHRI EDUARDO FALEIRO:** Sir, it is a suggestion for action. We shall examine it.

**SHRI VITHALBHAI M. PATEL:** Mr. Chairman, Sir, the bank is giving loan for the purchase of new houses. But suppose I want to buy a 5-year or 10-year old house, the bank refuses the loan. May I know from the Minister whether the Government will issue a directive to the banks that they should give loans for the purchase of even 5-year or 10-year old houses if some middle-class people wanted to purchase them?

**SHRI EDUARDO FALEIRO:** Sir, the scheme is not only for the new houses, it is for all houses, can be even old houses, and not only for building new houses or buying the entirely new houses but also for repairs of the existing houses. It is for all these schemes. (Interruptions)

**DR. YELAMANCHILI SIVAJI:** Sir, the hon. Minister mentioned that they are offering loans to the weaker sections up to Rs. 12,000 at the rate of 4 per cent. Some State Governments are constructing pakka houses in lakhs and lakhs of numbers. For example, the Andhra Pradesh Government in the last five years completed construction of pakka houses at the rate of Rs. 9,000 to Rs. 12,000 free of cost for the weaker sections. Eight lakh houses have already been

constructed and about 2.4 lakh houses are under construction. Is there any proposal under the Government because the same houses are intended for the weaker sections to extend loans at 4 per cent to the State Government so that they can implement the scheme and hand over the same to the weaker sections.

**SHRI EDUARDO FALEIRO:** Sir, schemes are there under the Ministry of Rural Development. As far as the banks are concerned, obviously they do not provide free houses.

**SHRI DHARANIDHAR BASUMATARI:** Sir, since the very inception of special consideration for the Scheduled Castes and the Scheduled Tribes I have been experiencing that money allotted for the development of Scheduled Castes and Scheduled Tribes from the Centre is inadequate and that money is subsidised, i.e., if Rs. 50,000 or Rs. 45,000 is given from the Centre, half the money is to be provided by the State Government, but that is not done. Rather sometimes it is seen that the money allotted by the Centre is being utilised for other projects or converted into other programmes. Now, every time we hear the question of development of Scheduled Castes and Scheduled Tribes and weaker sections but in practical terms it is not done at all. Now, take for instance, the question of Rs. 5,000 for housing, which our hon. Minister has mentioned. It is a negative thing. It is a completely negative thing. It is better not to give it.

**MR. CHAIRMAN:** What is your question?

**SHRI DHARANIDHAR BASUMATARI:** Sir, my question is that if you think of the development of Scheduled Castes and Scheduled Tribes, why should you not be liberal and make it at least Rs. 10,000? If it is Rs. 10,000 then only it can be done. But Rs. 5,000 is nothing nowadays.

So, it is misleading the House and unjust and unfair to the Scheduled Castes and Scheduled Tribes.

**MR. CHAIRMAN:** Will you increase it to Rs. 10,000?

**SHRI EDUARDO FALEIRO:** At the moment, there is no such proposal.

**MR. CHAIRMAN:** Next Question No. 102.

**Irregularities Committed by some Officers of the Delhi Branch of State Bank of Indore in Advancing Loans**

\*102. **SHRI RAM NARESH YADAV:** Will the Minister of FINANCE be pleased to state:

(a) what are the particulars of the officers of the Delhi Branch of the State Bank of Indore found guilty in advancing loan of Rs. 1 crore to some exporters;

(b) what are the details of the action taken against them till now; and

(c) whether the amount has been recovered and if not, what are the reasons therefor?

**THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO):** (a) to (c) A statement is laid on the Table of the House. (See below)

#### Statement

The State Bank of Indore has reported that procedural irregularities had been noticed in the conduct of a particular account and the opening of letters of credit facilities to two importers against that account in their Chandni Chowk Delhi Branch. Five officers of the Branch were identified for the lapse. Of these, one officer was removed from service because of his involvement in ano-