

[Shri Pranab Kumar Mukherjee]

that if Mr. Hegde feels that the Minister deliberately misled the House, let him bring a privilege motion.

DR. RAFIQ ZAKARIA (Maharashtra): That is a different thing; they are going too far.

DR. BHAI MAHAVIR: Even when two contradictory statements are made...

MR. DEPUTY CHAIRMAN: If the Minister finds a mistake, naturally he has to come forward to correct it.

DR. BHAI MAHAVIR: If there are two contradictory answers, that is if two answers contradict each other, we expect the Minister to at least come forward and tell us how it happened. Even that is not done.

MR. DEPUTY CHAIRMAN: It is done if there is a mistake.

SHRI RAMAKRISHNA HEGDE: Ar, you so helpless, Sir?

MR. DEPUTY CHAIRMAN: Nobody is helpless. Now we go to calling attention. Mr. Kulkarni.

श्री रामेश्वर सिंह (उत्तर प्रदेश): मेरा प्वाइंट आफ़ ऑर्डर सुन लीजिए ।

श्री उपसभापति : क्या है, कुलकर्णी जी जरा इतका प्वाइंट आफ़ ऑर्डर सुन लीजिए क्या है ? लेकिन एक बात आपको बता दूँ कि अगर प्रोसीडिंग से बात उठती हो तो आप बात कहिए और कोई दूसरी बात आप प्वाइंट आफ़ ऑर्डर के माध्यम से कहना चाहते... (व्यवधान) सुन लीजिए मेरी बात । कोई दूसरी बात प्वाइंट आफ़ ऑर्डर के माध्यम से उठायेगे तो मैं उसकी इजाजत नहीं दूँगा । प्रोसीडिंग से संबंधित कोई बात हो तो कहिए ।

श्री रामेश्वर सिंह : सदन के अंदर अगर कोई गलत बयानी हुई है और सदन के अंदर की बात है तो वह कहूँगा...

श्री उपसभापति : इसने लिए अलग प्रोसीजर है । उसको लिखकर दीजिए । अब बताइये ।

श्री रामेश्वर सिंह : आप इस चेयर पर बैठे हुए हैं और आपको रहते अगर मैं सदन में गलत बयानी करता हूँ तो आइवाणी जी को हवा है हमारे खिलाफ़ प्रिविलेज उठाने का, किसी विषय पर भी और उसको आपको सुनना चाहिए तथा रजिस्टर देनी चाहिए ।

श्री उपसभापति : लिखकर दीजिए ।

श्री रामेश्वर सिंह : मैंने लिखा है । मेरी बात सुनिये । मेरा प्वाइंट आफ़ ऑर्डर यह है कि इस सदन में पिछले सत्र में वित्त मंत्री जी ने यह बयान दिया है कि अंगुले के खिलाफ़ अष्टाचार का मामला नहीं बनता । लेकिन कोर्ट ने उन खिलाफ़ फैसला दिया है । (व्यवधान)

MR. DEPUTY CHAIRMAN: This is not a point of order.

श्री रामेश्वर सिंह : हमारा जो दूसरा नोटिस है, वह तो कायम है ।

श्री उपसभापति : ठीक है, नोटिस दिया है, तो देखा जाएगा ।

#### CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

**Policy of the Reserve Bank of India tightening the money supply to the priority sectors like agriculture and industry resulting in the shortage of credit to these sectors\***

SHRI ARVIND GANESH KULKARNI (Maharashtra) : Sir, I beg to call the attention of the Minister of Finance to the policy of the Reserve Bank of India tightening the money supply to the priority sectors like

agriculture and industry resulting in the shortage of credit to these sectors.

THE MINISTER OF FINANCE (SHRI PRANAB KUMAR MUKHERJEE): Mr. Deputy Chairman, Sir, with a view to curbing in flationary pressures in the economy, the Reserve Bank had to take certain measures in the current year to contain the volume of credit expansion and to reduce the liquidity in the economy. The non food credit, however, continued to expand at a high pace. During 1981-82 (March to September) it increased by Rs. 1714 crores as compared to the increase of Rs. 701 crores in the corresponding period of 1980-81. The commercial banks were, therefore, further instructed by Reserve Bank of India that they should undertake a serious and critical re-appraisal of their lending programmes so as to ensure that they adhere to the guidelines set out by Reserve Bank of India from time to time regarding credit expansion and in particular to ensure that they maintain the enhanced cash reserve and statutory liquidity ratios. It was also reiterated that within the parameters given by Reserve Bank of India and considering their own resources position, the commercial banks should ensure that special attention is given to the credit needs of the weaker sections of society as identified in the 20 Point Programme and that they should also be actively involved in the Integrated Rural Development Programme. Incidentally, it may be mentioned that the credit to priority sectors of agriculture, small scale industry, etc. had increased by Rs. 1065 crores in the first six months of the current financial year as compared to an increase of Rs. 530 crores last year.

The impact of these credit policy measures on different banks is continually being assessed by the R.B.I. so that due priority can be given in the matter of securing better planning and continued flow of credit to the priority sectors in general and to the smaller borrowers in particular. In

regard to the larger borrowers in medium and large industry sector, our expectation is that they should reduce their reliance on the banking system by bringing in larger funds from own or long term sources. The policy of the Government and Reserve Bank of India is to continually review the position and take corrective measures where necessary, so that not only inflationary pressures are contained, but also the growth of production is maintained.

SHRI ARVIND GANESH KULKARNI: Sir, the hon. Minister has given his version of the credit squeeze which we are really feeling very seriously. He has stated that the nonfood credit was Rs. 1714 crores or something like that. But at the outset, I would like to draw his attention that every year, a developing economy requires more credit. Industry has to grow; agriculture has to grow; at the same time, we have also to take care of the inflationary pressures in the economy itself. I would like to know from the hon. Minister whether—when he has stated that it has been increased from Rs. 700 crores to Rs. 1700 crores—he has taken this aspect into consideration. May I draw his attention, particularly, to the Reserve Bank of India's policy which was declared, for the busy season, sometime in August-November, wherein they have stated that the statutory liquidity ratio should be increased to 35 per cent and the credit reserve ratio to 8 per cent ultimately, which is now 7.75 per cent? Sir, these two instructions received from the Reserve Bank of India have played a great mischief in perpetuating in the market a very stringent credit squeeze. I will come to those conditionalities later on, but there is also a guideline issued by the Reserve Bank of India saying that the broad money—that is, the money with total liquidity in the banking system—has to be brought down from 21 per cent to 15.7 per cent in 1981-82 and from 16.4 per cent to 14 per cent in 1983-84. This is a severe cut on the broad money. Then

[Shri Arvind Ganesh Kulkarni]

on the narrow money—what you call the money supply—has to be brought down from 20 per cent to 11.3 per cent. These are the guidelines issued by the Reserve Bank of India, and therefore, no claim should be made by the Finance Minister that he is not acting on the IMF dictates. Yesterday also the Prime Minister mentioned that we must be proud of our country. We are proud of our country, but a banker is a banker, whether it is IMF or the Bank of India or the Central Bank or the State Bank. They may put in their own conditions. So, according to that conditionality you have to restrain the money supply and I have got objection about that. On the one hand you agree to the conditionality of restraining the money supply and on the other you say that this year should be the 'productive year'. How can both things go together? How both are comparable that is what I want to know.

In this connection, another worst thing that has been done is, the Finance Ministry in the very period has taken under the Bearer Bond Scheme about Rs. 900 crores as against Rs. 234 crores which were collected. The companies, as he has himself stated now in the statement, have been asked to collect deposits and they are collecting deposits at 15 per cent, calling them the convertible debentures. So, the people are more interested in making those deposits rather than putting their money in the nationalised banks where the rate of interest of savings is too low as far as the corporate sector is concerned. That is also another way of pulling the market for getting out the money. Coming to the price rise, the price of industrial and agricultural inputs has increased. That is also the reason why money was required by agriculturists. I am submitting these facts for the consideration of the Finance Minister. Personally speaking, I am a person who is not an intellectual economist. I am a farmer and a small-scale industry man. I

know where the shoe is pinching and that is why I am bringing these things to your notice. This is the position in the market.

A friend of mine, Mr. Pant, just now-said about the unofficial rate of interest. I know about the unofficial rate of interest being 48 per cent. He says that a small entrepreneur met him who was paying 5 per cent in a month, *i.e.* 60 per cent per annum. These are the facts of life. I can quote what the Reserve Bank Governor has said, but if I was going to say anything against the Governor, again a problem will arise, in the Lok Sabha, the Speaker has already stated about the Governor and I do not want to go into that. So, what I am telling is, the deposits are sagging in the nationalised banking system, though it has increased now. I think it is Rs. 34,000 crores or Rs. 39,000 crores or something like that. The percentage has come down from 10.8 to 9.8 or something like that. Then he says that he is not aware of these things. Would he believe if I quoted him the two letters? Here are the two letters written by the Bank of Maharashtra and the United Western Bank addressed to a small scale industry in Sangli. They say: "However, due to credit squeeze, our higher authorities have instructed us to curtail the limit to the extent of 50 per cent across-the-board". Now either the industry must go into liquidation, sell every thing lock, stock and barrel, or wait at Mr. Mukherjee's door to ask the Reserve Bank to be more sympathetic. Here is, Sir, another letter from the United Western Bank, Satara. They say: "You are already aware that banks are facing stringent funds position because of the Reserve Bank guidelines and have to reduce their total credits substantially to fall in line with the general policy of credit restraint." So these are the two letters I am citing for your information.

So, Sir, the industries become sick. Here the industrialists and many other people say that the small scale industries- are becoming sick. What

can they do? You are asking overnight. But even while asking overnight, Mr. Mukherjee, you have to be careful how this can work.

The third point I want to impress is this. I myself, between the 12th and 14th, rang up the Bank of India, Sangli, which is the lead bank for my district. An educated chap who is unemployed came with a proposal to purchase a thresher costing Rs. 10,000. As per the usual procedure, I asked the District Industries Centre to pre-prepare the project. The DIC said: "We cannot prepare the project because the banks have instructed us not to entertain any application for 8 to 10 months". So this is the position about agricultural implements. Then I asked the Agent or Manager of the Bank of India and he said: "Sir, you are ringing me up but would you mind if I request you to wait for another six months when I shall favourably consider this"? Mr. Mukherjee, you should believe me rather than the IAS officers or ICS officers sitting in their chambers. They are giving you wrong information. You believe me. I am producing two letters.

Then about the tractor industry, your friend in the Lok Sabha persuaded you to reply properly, but there also you said that the tractor industry is not facing difficulties. Mr. Mukherjee, tractors are not sold—that is what the industrialist side says, but we are the purchasers of tractors in the agricultural sector and we are not getting loans for the tractors. No money is available for the trucks for carrying sugarcane. These are the standard replies that we get. Talking about agricultural produce, take cotton. "What is the present cotton price? Across-the-board it is reduced by Rs. 1000 in a price of Rs. 7000. I agree with the Finance Minister that one reason is the strike. But don't put the strike reason on my face. The strike is in Bombay, but what is there in Gujarat, what is there in Andhra Pradesh and what is there in Raichur

in Karnataka? The Raichur Varaiyashmi which was selling at Rs. 8,000 last year is selling at Rs. 6,500 this year. There is no purchaser because the money is not there for cooperative mills.

Sir, you are looking at me but this is a very vital question.

MR. DEPUTY CHAIRMAN: You have given so many examples.

SHRI ARVIND GANESH KULKARNI: These are the guidelines issued by the Maharashtra State Cooperative Bank and there also they repeat the same story; "Sorry, this is the position". So, Sir, finally I want to request the Finance Minister that he has recently taken over, let him not be harsh to the industry. You have declared this year as the Productivity Year. You don't want the industries to be sick, you want industries to grow. For heaven's sake, don't make such unkind cuts of requesting the small industries to cut by 20 per cent or 50 per cent. Where the money is to come from? Money is not coming from heaven. Money has to be earned and the market is in a recessionary position. Cotton textile is in a recessionary position; the engineering industry is in a recessionary position; and if the credit is not made available for diesel engines, electrical motors, threshers, tractors and trucks, where would the economy go? I have given you umpteen instances. Please take a kind view, I would beg of you, because both industry and agriculture are groaning under the squeeze orders of the Reserve Bank of India. Please ask them not to behave like bureaucrats but that they should adopt a developing policy for both industry and agriculture.

SHRI PRANAB KUMAR MUKHERJEE: Sir, the hon. Member, while making his observations, has made a number of points. Firstly I would like to explain the position. It is nobody's case that there is no—I won't use the words 'credit squeeze'—selective credit policy. This is a deli-

[Shri pranab Kumar Mukherjee] berate policy of the Government that we shall have to resort to a selective credit policy as it is a part of a package to fight against inflation. The moot question is whether this selective credit policy is going to stand in the way of production, is going to create a situation in which the priority sectors are starving of the required credit. That is the area where I do differ with my friend, Mr. Kulkarni. I do not say that I do not believe him. What I say is that within the parameters of the overall policy—because we cannot create a situation where we shall have to face a runaway inflation—it is one of the important components that we shall have to pursue a selective credit policy. On the question of IMF conditionally and others, I would request him to just go through the Plan document. The extended facilities which we entered into with the IMF was done sometime last year. When we finalised our Plan document, what is the money supply position and what is the credit policy, we visualised for ourselves in the Plan document. The point is whether it is in consonance with the policy which we are pursuing today, right now. And if we find that it is in consonance with the policies which we have already declared while finalising the Sixth Plan. I think he himself will come to the conclusion that IMF conditionality and others are not relevant to that. Coming to the moot part of the question, Sir, I never said it. In the other House, I said just the opposite. In regard to tractors I said that there is a problem in the tractor industry. What I said on the floor of Lok Sabha is that recognising the existence of a problem, the Governor of the Reserve Bank of India had sought certain information from the tractor manufacturers so that he could work out a strategy with which he could tackle the problem. I did not say there is no problem. On the other hand, I said that there is a problem, I am recognising the problem and we have already initiated action against it.

About the second aspect, I have already given certain figures. I would like to give him a little detail so that he himself can look into it as to what has been the actual position.

*(Interruptions)*

I have some figures which I can give you and it is up to November. I am just quoting the figure from April to November, 1981. I am not taking public food procurement.

Non-food bank credit—gross: It was 23,030—March 27. November 27 —25,508. April—November, 1981 variation—2,478. April to November, 1980 variation—plus 1,631. And if I just go to the priority sector which you were mentioning about, for agriculture it was 3,573—4,439—plus 866. Small-scale industries. 3230, 3714, plus 484; other priority sectors: 1,683, 1,977, plus 294. What I want to emphasise is that in respect of the selective credit policies...

SHRI ARVIND GANESH KULKARNI: But inflation and growth in industry you have to take into account.

SHRI PRANAB KUMAR MUKHERJEE: That I have taken into account. If you want to pursue the selective credit policy, there would be certain areas. I do agree with him that in the medium and large industries the net credit flow has been disturbed, has been reduced. If we want to maintain it or increase it in certain areas and if the overall objective is to contain it within a limit, definitely there will be one area where credit flow will have to be reduced. Therefore, I do not say that there has not been a single area where the credit flow has not been reduced. Medium and large industries is an area where it has been reduced. That is not my contention. What my contention is that in the priority sector we have not reduced it. And the second point is that there is no blanket...

SHRI ARVIND GANESH KULKARNI: I have quoted the two letters of the exporting units.

SHRI PRANAB KUMAR MUKHERJEE: I am just coming to that. In regard to the blanket restrictions, in fact, this is the point I have asked the Reserve Bank to examine, whether any instructions have been issued to the regional offices or to the local offices, whether the power delegated to the regional offices or the lower offices has been withdrawn and whether they are going to have a blanket ban on all future advances. This is the precise point on which I have asked the Reserve Bank to examine if such a circular has been issued or such instructions have been issued. These have not been issued by the Reserve Bank. If these were issued by any of the commercial banks, I have asked the Reserve Bank to look into it. The idea is not to have a blanket type of curtailment or cut. In the meeting which I had with the Chief Executives of the commercial banks, there too, I had emphasised this point. We cannot create a situation in which there will be no restriction on the credit supply. There will have to be a restriction. We shall have to pursue the selective credit policy. But within the broad framework of that selective credit policy, we shall have to evolve a strategy in which the requirement of the priority sector is not denied. This is the objective and this is the approach we are having. And that is why I am prepared to examine even the industry-wise assessment. In fact, during the discussion I had with the bankers and the Reserve Bank, I had told them to take up the case of each industry. In respect of sugar I have issued instructions that we would not like to create a situation where the growers will not get it. Therefore, we are to ensure the availability of the credit to the sugar mill-owners and, at the same time, to ensure that the sugar mill-owners pay to the growers so that there is no disincen-

tive for the growers next year to produce.

SHRI ARVIND GANESH KULKARNI: Will you please allow me one minute?

SHRI PRANAB KUMAR MUKHERJEE: I can allow you more than one minute.

SHRI ARVIND GANESH KULKARNI: With respect to sugar, at present the co-operative banks charge an interest of 15.5 per cent, a concessional rate of interest, whereas the co-operative spinning mills which are supplying yarn to the handloom industry pay 19.5 per cent interest. I had raised it with the Reserve Bank. They said that sugar is stocked as a buffer stock on behalf of the Government. I said that handloom is covered under the 20-point economic programme. They did not say anything about it after that.

SHRI PRANAB KUMAR MUKHERJEE: Mr. Kulkarni will agree with me that he has now switched over to another area. I do not argue about that. My primary concern right now is that the priority sector should get adequate credit. I just gave one example, so far as sugar is concerned, to strengthen my argument that we are making a case-to-case examination in respect of various priority industries. Sugar is just one example. And, Sir, the export credit that he mentioned, there too the increment is more than Rs. 130 crores. On March 27, it was Rs. 1,650 crores; and on November 27, it has been Rs. 1,783 crores. There has been some. But there may be some odd cases. I do not rule out the possibility that taking advantage of this there may be some odd cases. (Interruptions) When these cases are brought to notice, action will be taken on each. This is also to be recognised that there will be some difficulties. You cannot completely create a situation where there will be uninterrupted flow of credit because that is not our policy. If we can create that situation, we shall have to face

[Shri Pranab Kumar Mukherjee] problems in the areas of inflation. Therefore, within the broad policy framework, within the parameters which we have set for ourselves, we have to see that the priority sector does not suffer, that the credit flow is relatively smooth. But it cannot be as smooth as one expects it when there is no restriction. As there is some restriction, there will be some constraint. We shall try to minimise it. This much I can tell you.

SHRI ARVIND GANESH KULKARNI: For ten months there will be no credit. This is what the Reserve Bank of India says. The books are closed. What do you say on that? For agricultural threshers there will be no credit for ten months. Would you open the window of the Reserve Bank of India?

SHRI PRANAB KUMAR MUKHERJEE: This is a difficulty which he has brought to my notice. I shall examine whether it has been done in any area. There cannot be a blanket ban on it.

SHRI N. K. P. SALVE (Maharashtra) : Sir, the Finance Minister has very ably explained the rationale behind the credit squeeze policy which the Government of India has been pursuing for the last two years. It is easily understandable that an economy which is inflamed and overheated on account of inflation, requires to be governed by selective credit policy, and it is necessary in a controlled economy. He has explained how in the priority areas the bank squeeze is still not applicable and how they are rationalising the entire credit squeeze policy. Sir, nonetheless, it is well accepted and well known that investment and growth are co-extensive, and in a philosophy of supply management it is absolutely inevitable that we do not do anything which is likely to impede production in any manner whatsoever. If the credit is impeded, the production is impeded. If the production is impeded, again it becomes

counter-productive, and we will be working in circles, cycles, again, as we will not be able to effectively check inflation. Therefore, I want to know from the Finance Minister firstly, whether the selective credit policy itself is a little too stringent, whether any evaluation has been made, whether this policy itself is a little too stringent and is not catering adequately to the areas he has identified, the areas being those of the agricultural sector and the small scale sector. Secondly, Sir, there are other areas which are possibly on the border line. They may not be in the priority sector as such but they are extremely necessary and essential for accelerating the economic growth of the country. One such area I have in mind is the field of electronics. People in the electronic field are bitterly complaining about the attitude of the banks. I entirely agree with him that credit squeeze and monetary discipline are necessary. In fact, it is as a result of a certain fiscal strategy and monetary discipline that we have been able to take care of this inflamed economy and, as he said in the Budget speech, we have brought the economy on the rails. But then Sir, hereafter it is necessary, absolutely essential, that at this juncture there should be some change in the strategy. Will he consider whether a more liberal attitude can be taken in respect of certain more industries which are on the border line but which may not be strictly priority industries? When I say 'liberal', I only mean whether, subject to the regulations, credit can be made available to them.

There is one more question I would like to ask him. It is a related question and it is a very important question. Some banks abroad who have their branches in India, especially those from the Gulf countries, told me that it is likely that they would bring the petro-dollar into India and make those dollars available to the private sector whose projects are cleared by the Government of India. To provide foreign exchange to such

projects the Government of India is duly obliged in the normal course. They are complaining that if they bring petrodollars into India, they are subjected to the same statutory liquidity ratio that is, if it is a million dollars, then 40 per cent of it will have to be deposited with the Reserve Bank of India. That is a very great disincentive. So my question is whether the Finance Minister would consider liberalising the policy on this aspect. The second point they made was, 10 per cent foreign exchange interest is allowed tax-free. Now if they earn here 17 or 18 per cent, they are ready to pay income-tax on the balance of 8 or 9 per cent in Indian rupees. Even such an arrangement, I was told, is not allowed by the bankers. If the petrodollars are allowed to be brought into India and foreign exchange loans are allowed to be given by the banks who have branches in India, I am sure it will greatly facilitate financing of export-oriented projects and exports as such.

SHRI PRANAB KUMAR MUKHERJEE: Sir, Mr. Salve has raised the basic question whether in the context of the present economy, we should have a review of the selective credit policy and whether the selective credit policy itself is standing in the way of expansion of the economy. As I mentioned earlier, it is in connection with the overall strategy to contain inflation that we had to resort to a selective credit policy. And this is not the first time that we have done it, as the hon. Member is well aware. I think for the first time we had to drastically reduce the credit in September, 1974, if I remember correctly, when we had to go in for some sort of a second mini-budget.

Now I would like to explain why suddenly we are confronted with a problem like this. And here as the man in charge of the Ministry, I will have to take some responsibility. One of the reasons is that our bankers did not make proper planning. In the first six months, practically they did not impose any restrictions and

they allowed this more or less to go freely. Therefore, if you want to keep the totality in the whole year, naturally if in the first six months you have been a little more liberal, in the next six months, you have to be a little more restrictive.

SHRI N. K. P. SALVE: Rectify it.

SHRI PRANAB KUMAR MUKHERJEE: That is one area, and I do feel that after . . . (Interjections)

SHRI ARVIND GANESH KULKARNI: How can production be increased?

SHRI PRANAB KUMAR MUKHERJEE: Up to September if you just look at the incremental part of it, you will find that almost in every sector from March to September there has been a reasonable increment. Now we are also resorting to it so far as the priority sector is concerned. Over 60 per cent of the present credit goes to the priority sector. And within this priority sector also, there may be relatively higher priorities to be given in certain sectors, and if we are to give it within the parameters, certain lower priority sectors will get less. If we are to insulate one sector to make it completely free from any cut or reduction, then the cut will have to be imposed in certain other sectors.

Coming to the point which was mentioned as to how we are going to tackle the problem in the coming months, the CLR has been raised from 7 to 8 per cent and the SLR has also been raised from 34 to 35 per cent; for every quarter it is 0.25 per cent. I think by making adjustments for the last quarter, we can provide a little cushion to the banking sector so that when the slack season starts from April onwards, the situation will reasonably ease. Therefore, the question is how we can tackle the problem between now and April. For that, I think we can



[Shri Pranab Kumar Mukherjee] make some adjustment and provide a little cushion so far as the commercial banking sector is concerned. His other question was that if the branches of the Indian banks in foreign countries bring petro-dollars, will they be subject to this type of restrictions? If it is in the form of loans, these ratios will not be applicable.

SHRI N. K. P. SALVE: Through their Indian branches.

SHRI PRANAB KUMAR MUKHERJEE: In what form? These curbs are on deposits.

SHRI ARVIND GANESH KULKARNI: Working capital also?

SHRI PRANAB KUMAR MUKHERJEE: These curbs are on deposits. We will have to understand the nature of transactions. There may be two types of transactions.

SHRI N. K. P. SALVE: The Head Office will<sup>11</sup> remit these moneys to their branches with the instructions that these moneys will be available strictly for loans.

SHRI PRANAB KUMAR MUKHERJEE: If it so transpires, it is a loan. The nature of the transaction does not change merely by transferring from foreign branch to India. These restrictions and ratios are applicable only to deposits. Therefore, if it is a deposit in the non-resident external account, these restrictions will apply. When some bank is borrowing money against a particular project, it is different. This is not applicable to borrowing. Therefore, if the petrodollar being brought as the cost of the working capital—it may be working capital or it may be capital investment—are in the nature of borrowing, then these restriction-; will not be applicable to them.

SHRI ARVIND GANESH KULKARNI: Bank to party.

SHRI PRANAB KUMAR MUKHERJEE: I am not talking about bank to party. When the bank is originally

having it, he is having it as loan. This type of money cannot go as deposit.

SHRI ARVIND GANESH KULKARNI: Mr. Salve does not say that.

SHRI N. K. P. SALVE: It has come to be given for a loan to a project, but the Head Office sending money to their branches would not be a loan. In such cases will the restrictions apply?

SHRI PRANAB KUMAR MUKHERJEE: No, no.

श्री शिव चन्द्र झा (बिहार) : उप-सभापति जी, माननीय मंत्री जी ने अपने वक्तव्य में बड़ी बड़ी बातें बताई हैं कि भारत की क्रेडिट पालिसी जो है वह बीकार मेकर्स के लिए, स्मॉल स्केल इंडस्ट्रीज के लिए, मीडियम स्केल इंडस्ट्रीज के लिए है और उन्होंने आंकड़ों से भी बता दिया है कि विभिन्न सेक्टरों में इतना दिया है, पहले इतना दिया गया था और इसे बार-बार इतना खोल दे रहे हैं। यह बात निर्विवाद है कि इस पालिसी का मिस्यूज हो रहा है, गलत इस्तेमाल हो रहा है। जो इस्तेमाल हो रहा है जो क्वांटिटी आफ मनी मार्केट में है उसको कंट्रोल करने का यह तरीका है और इसमें हम अभी तक सफल भी नहीं हुए हैं। दूसरे विकास के काम में चाहे प्रायर्टी एंथ्रोपिकल सेक्टर की हो या इंडस्ट्रीज की हो बीकार मेकर्स के लिये हो, उसमें भी इसका इस्तेमाल ठीक ढंग से नहीं हुआ है, मिस्यूज हुआ है। वे आंकड़े बताए गए हैं। अभी मंत्री जी ने कहा कि 1974 में बैंक रेट बढ़ाया गया था परन्तु 1974 से अब तक आप बता दें क्वांटिटी आफ मनी इन सर्कुलेशन घटी है या बढ़ी है। उसके बाद से यह तो बढ़ती ही जाती है। अर्थ शास्त्र का नियम है कि इन इनफ्लेशनरी ट्रेंड में यह होता है कि जितनी क्वांटिटी आफ मनी है, जितना प्रोडक्शन हो चला है एंथ्रोपिकल सेक्टर में चाहे इंडस्ट्रीज में हो जब क्वांटिटी आफ मनी बढ़ती है तो प्रोडक्शन नहीं बढ़ा है

जो हि बढ़ना चाहिये था जिससे नतीजा यह हुआ है कि दाम बढ़ने लगे हैं और यह इन्फ्लेशनरी द्रैड आपका बन रहा है। बजट भी आप लाए हैं लेकिन फिर भी यह द्रैड है ही। तो क्वांटिटी आफ मनी को रोकने और स्ट्रिक्ट करने का जो मकसद है उसमें हमारी सरकार फेल करती रही है। जहाँ तक बोंकर सैक्टर और एग्रीकल्चरल सैक्टर को प्रायटी देने का संबंध है इसमें मेरा कहना यह है कि इससे छोटे और माझिल किसानों कि कोई मदद नहीं हुई बल्कि कुत्तक और बड़े बड़े जो फार्मर्स हैं उन्होंने इसका इस्तेमाल किया है, इस विषय में क्या आप सहो रूप में आसड़े बताएंगे? कांशप्रेटिव बहुत अच्छी चीज है, यह हम सब लोगों की राय है लेकिन कांशप्रेटिव के नाम पर बड़े बड़े जो खेतीहर लोग हैं, कुत्तक हैं, जो आपका सारा क्रेडिट है वह उन लोगों को गया है, छोटे किसानों को नहीं गया है। यदि गया है तो आप खुद बतायें कि पांच एकड़ से नाचे वाली जमीन के जो खेतिहर हैं उनका पिछले दो साल में, जब से आप गद्दी पर आये हैं, कितना गया है।

**श्री उपसभापति :** यह सवाल नहीं उठता है। यह जवाब नहीं दे पायेंगे।

**श्री शिव चन्द्र झा :** तो 10 एकड़ से ऊपर वालों को कितना मिला है यदि आप बता दें। अब उपसभापति महोदय, उद्योग के क्षेत्र में इन्होंने बताया स्माल स्कैल सेक्टर में, credit had increased by Rs. 1,065 crores in the first six months as compared to an increase of Rs. 530 crores in the last year. यह स्माल स्कैल सेक्टर का बताया है। लेकिन क्या मोनोपोली हाऊसेज ने, इंडस्ट्रियल मोनोपोली हाऊसेज ने ज्यादा क्रेडिट आपसे किसी न किसी रूप में नहीं लिया है? आपने जो दिवा भी

है वह छोटे उद्योगों को नहीं जा करके मोनोपोली हाऊसेज जितने हैं उन्हीं को गया है, जैसा टाटा, बिड़ला, इनको। यह साफ करें। जड़ में उपसभापति महोदय यह है कि इनको नीति जो क्रेडिट देने की है यह साफ नहीं है। क्रेडिट किसको देते हैं। क्रेडिट वर्दीन : की क्या डिफिनेशन है, क्या परिभाषा है, यह आप बतायें, तब मैं समझूंगा। क्या आप ऐसे आदमी को क्रेडिट देंगे, लोन देंगे जिसके पास कोई जमीन नहीं है, कोई प्रायटी नहीं है, सिर्फ शरीर है। आप इन्टेग्रेटेड रूरल डेवलपमेंट प्रोग्राम बनाते हैं। देहात में अनइम्प्लायमेंट है, सारे देश में है, जमीन नहीं है लेकिन शरीर है, मेहनत करना चाहते हैं, वे लोन के लिए कोई सिन्डिकेटोरी नहीं दे सकते हैं तो आपकी क्रेडिट वर्दीन क्या है। क्या यह आपकी नीति है कि जिसको कुछ नहीं है, केवल फिजिकल स्ट्रेंथ हो, करने की भावना हो, वह इम्प्लायड होना चाहता है, उसको भी देंगे? यह आपकी नीति में है? तो ये सब बातें हैं उपसभापति महोदय, अब मेरा सवाल... (समय की घंटी)

**श्री उपसभापति :** सवाल हो गये या अभी बचे हैं, जल्दी करिये सवाल पूछिए।

**श्री शिव चन्द्र झा :** मैं समाप्त कर रहा हूँ। उनको यदि कोई इकनामिक्स पता है तो पकड़ लेंगे। मैं सवाल पूछ रहा हूँ और क्या कर रहा हूँ... (व्यवधान)

**श्री उपसभापति :** जवाब दे देंगे, आप पूछिए।

**श्री शिव चन्द्र झा :** पहला मेरा सवाल है क्या यह बात नहीं है कि 1974 से अगर आप बता दें तो अच्छी बात है नहीं तो कम से कम पिछले दो साल का, जब से आप गद्दी पर आये हैं कि क्वांटिटी आफ मनी सर्कुलेशन में बढ़ी है—

[श्री शिव चन्द्र झा]

या नहीं। क्रेडिट नीति को रिजर्व बैंक द्वारा . .  
(व्यवधान)

श्री उपसभापति : आप सवाल पूछिए।

श्री शिव चन्द्र झा : हमेशा कुछ न कुछ लान्द्रोव करने की परिपाटी है तो यह बताइये कि क्वॉंटिटी आफ मनी सर्कुलेशन 80 से लेकर बताइये कि कितनी रही है।

दुसरा बड़े-बड़े खेतिहारों को—जो सो काल्डमीन रिवोल्यूशन की है, उसमें क्या उनको ज्यादा क्रेडिट नहीं गया है? छोटे जो हैं 10 एकड़ से नीचे उनको कितना गया है। आप पांच साल के ही आंकड़े हमको बता दें।

तौसरा यह सवाल है कि जो बड़े-बड़े मगरमच्छ हैं, औद्योगिक घराने हैं मोनोपोली हाकसेज हैं, उनको कितना मिला है, जब से आप गद्दी पर बैठे हैं, आप तो बराबर गद्दी पर रहे हैं बीच के ठाई साल छोड़कर, तो उनको कितना मिला है और स्माल मीडियम, आप कहते हैं कि देते हैं आंकड़े देते हैं लेकिन आप उनको नहीं देते हैं। उनको भी दें। उनको कितना दिया तब हो नक्का साफ होगा (समय की घंटी) चौथा आखिरी सवाल, आपकी क्रेडिट देने की नीति में जो परिभाषा है, क्या आप इसको बदलेंगे कि जिसको कुछ नहीं है सिक्कोरिटी के रूप में, सिर्फ शारीरिक बल है उसको भी हम देंगे यदि हमको उपयुक्त सर्टीफिकेट मिल जाता है ये चार बातें हैं. . .  
(व्यवधान) . . .

श्री उपसभापति : आप बैठिये। एक ही बात को दो बार आप पूछते हैं, प्रोसीडिंग उठा कर देख लीजिए। आप बैठिये।

SHRI PRANAB KUMAR MUKHERJEE: Sir, Mr. Jha has warned me that he will not be satisfied unless I answer all the four questions he has put to me.

In regard to the first question, I will only request him to take the trouble of going through a few pages

of the Economic Survey. All the figures are given there. Instead of asking me to give these figures, he can get the figures of money supply year-wise and the break-up from 1973-74 onwards. Sir, to the question whether in the agricultural sector we are giving more money to the rich peasants, big farmers or small farmers, fortunately, I have some figures with me and I hope I would be able to give him a little bit of satisfaction. I have figures from 1974 onwards. Now, I am just talking of farmers with 2.5 acres. In September, 1974 the amount was Rs. 47.93 crores and the percentage was 13. In April, 1980, it increased to Rs. 375.34 crores and the percentage was 21.6. The number of accounts increased from 522 to 2,653. This is upto 2.5 acres. Now, for 2.5 to 5 acres: In September, 1974 the number of accounts was 347 and the percentage was 24. The amount cut-standing was Rs. 56.81 crores. In March, 1980, it increased and the number of accounts were 1,395 and the percentage was 24.5 and the amount outstanding was Rs. 304.11 crores. The percentage is 17.4. Sir, I think Mr. Jha himself will find that there has been a great deal of progress in this direction.

SHRI SHIVA CHANDRA JHA:  
What about five acres and above?

SHRI PRANAB KUMAR MUKHERJEE: Above 10 acres?

SHRI SHIVA CHANDRA JHA:  
Yes.

SHRI PRANAB KUMAR MUKHERJEE: Above ten acres, it was 293 and the percentage was 21. This was in September, 1974. This is the number of accounts. Now, it went down from 21 per cent to 13.2 per cent in April, 1980. Even in respect of the amount, in September 1974, it was 52 per cent and in April, 1980 it came down to 43.6 per cent. Therefore, your contention that the small and marginal farmers should get more and the big farmers should get less is

reflected in the credit disbursement to the agricultural sector. Obviously. I know it will not be to your satisfaction. But this is the little figure that I had and I have given you those figures.

Sir, now with regard to the industrial sector, I can give for the Industrial sector as a whole, for the large and medium industries. But it is not possible for me to give the break-up of the monopoly houses and others. But the outstanding amount, in March, in the medium and large sector, was Rs. 7,108.33 crores in March, it was Rs. 8,269 crores and in March, 1981, it was Rs. 9,984 crores.

Sir, with regard to the definition of creditworthiness, it is known that we are not only asking them to hypothecate their property, but in certain cases of credit we are also taking the personal security and, up to a certain amount, that security and other type of requirements we are greatly liberalising. But, Sir, after all, we have to ensure that we do not give probably money just on the word of the individuals. So, some sort of security is needed.

SHRI SANTOSH MITRA (West Bengal); Mr. Deputy Chairman, Sir, at the outset, I would like to know from the honourable Finance Minister how the selective credit policy is said to be consistent with the Government's declared policy that the year 1982 is the year of productivity. It is being called the "Productivity Year". I would like to know whether this will have any impact on productivity or not. Secondly, Sir, just now the honourable Finance Minister has said, in reply to a question put by my friend, that the small farmers, the marginal farmers and poor farmers are getting a greater share of the loan. But I would like to draw the attention of the honourable Finance Minister to the editorial comment in "The Tribune" published from Chandigarh in the issue dated the 5th December, 1981. It says:

"Unfortunately, a large percentage of the bank credit has been monopolised by the richer sections of the rural society. The measures taken by the official lending agencies have failed to check this trend."

So, Sir, what has been stated by the honourable Finance Minister is not supported by this paper and I think that this sort of a thing; is going on on a larger scale in actual practice. Also,

I want to draw the attention 1 P.M. of the Finance Minister with

regard to another point, that is, according to a report of Financial Express, New Delhi, of February 4, 1982, the Agricultural Credit Board has decided to wind up the scheme of financing primary Agricultural Credit Societies by commercial banks. If it is a fact, what are the details in this regard?

SHRI PRANAB KUMAR MUKHERJEE: Sir, in regard to the last point which the hon. Member mentioned about the Financial Express report, I would like to say that I have no knowledge about it. If he can pass on that information to me, I can get it checked up and I will tell you later on.

In regard to the newspaper comments, I cannot go on contradicting all the newspaper reports. This is my reply about the newspaper reports.

About the figures which I have about distribution to marginal small farmers, I have given an instance in reply to Mr. Jha's query, and in regard to what would be the impact this is precisely the point I am trying to harp upon since the beginning of the Calling Attention, namely, that within even the broad framework of selective credit policy we shall have to ensure that the production does not suffer for lack of credit. We want to control it. It does not mean that there will not be the credit available. Even if you just look into

[Shri Pranav Kumar Mukherjee]

the implementational part of the nonfood commercial crops, it has increased, as I mentioned in the Budget speech also that it has, I think, increased by 1.5 per cent from last year's level; it is expected to be 19 per cent at the end of March, 1982. The trend is towards the increment. The question is that when we are to fight inflation, at the same time we have to see that this credit policy is applied judiciously. We cannot just create a situation in which it will be free-for-all. It is the approach of selective credit policy. But it does not mean that the production sector will not be provided with the necessary credit. It will be provided. And this exercise is being made in the policy itself. So I do not think that there will be any adverse effect. I think the selective credit policy will have a better effect on the productivity.

SHRI SANTOSH MITRA: The small producer can be affected and the monopolists . . . (Interruptions).

MR. DEPUTY CHAIRMAN; He has replied to all your points.

श्री शिव चन्द्र झा : आप उन को छोड़ न दीजिए ।

श्री उपसभापति : छोड़ कैसे बू ? जवाब हो जाए फिर भी आप पूछते चले जाएंगे ।

श्री नागेश्वर प्रसाद शाही (उत्तर प्रदेश) : मंत्री जी ने इन्कॉरपोरेशन किया कि क्रेडिट को रेस्ट्रिक्ट करने के लिए कोई सर्कुलर नहीं है लेकिन मौके पर बैंक को ब्रांच के जो मैनेजर्स हैं वह यह कहते हैं ।

श्री एन० के० पी० साल्वे : मिनिस्टर का जवाब ले कर बता दीजिए ।

श्री नागेश्वर प्रसाद शाही : मगर वह मिनिस्टर के जवाब से नहीं गाइड होंगे । वह रिजर्व बैंक के आफिशियल सर्कुलर से गाइड

होंगे । मंत्री जी जो कहते हैं पालियामेंट में उस से वह गाइड नहीं होंगे । वह गाइड होंगे आफिशियल सर्कुलर से । अब हालत यह है कि किसानों को ट्रैक्टर के लिए, बैल के लिए, ट्राली के लिए, इन सब चीजों के लिए, बैंकों से रकबा नहीं मिल रहा है । मंत्री जी ने फिगर्स देकर बताया--प्रणव जी गौर करें--आपने बताया कि यह लोन का अमाउंट और परसेंटेज जो है, बड़ा है । आप क्या इसको कंपेंस कर रहे हैं किसानों के इन्पुट्स के जो प्राइसेज बढ़े हैं उन से ? आज से पांच साल पहले मीडियम साइज ट्रैक्टर 22,000 रु० का मिलता था आज वही ट्रैक्टर 92,000 रु० का मिलता है । चार गुना कीमत बढ़ गई है । जो बैल 500 रुपये में मिलता था, वह बैल अब दो हजार रुपये में भी मुश्किल से मिलता है, या नहीं मिलता है ।

श्री अरविन्द गणेश कलकर्णी : भाय मिलती है आठ हजार रुपये की ।

श्री उपसभापति : शाही जी, बैल रखना अब अनैकानामिक हो गया है ।

श्री नागेश्वर प्रसाद शाही : छोटे किसान बैल रखते हैं, बड़े किसान आज ट्रैक्टर रखते हैं । आपने तो अपनी फिगर पढ़ कर मुताबिक इतना परसेंट देने थे और अब इतना परसेंट देते हैं । आपको वजह से जो इन्फ्लेशन हुआ और कीमतें बढ़ीं उसके हिसाब से देखिये कि किसान को आप पांच साल पहले यदि 200 रुपये देते थे तो उसमें वह जितना काम करते थे, आज उसको आप 600 रुपये देते हैं तो भी वह काम नहीं हो सकते, वह रुपया बेकार है । आप उसको हजार रुपये भी एडवांस कर दें तो वह बैल नहीं खरीद सकता है वह खर्च कर लेगा, खालेगा और कुछ कर लेगा । तो जो बड़े तार, आपने दिखाई उसको उस रेशिबा में देखिये कि किसान के इन्पुट्स की जो कीमत बढ़ी है वह कितनी है । फर्टिलाइजर का भी सवाल है । तो सवाल यह है कि जो बैंक का मैनेजर कहता है, उसका विश्वास किया जाए

या आपका ? क्या आप ऐश्वर्य करेंगे कि आप सर्वमोट की ओर से कोई सर्कुलर जारी करेंगे कि रिजर्व बैंक ने क्रेडिट स्वीज के इंस्ट्रक्शंस जारी नहीं किये हैं आप अपनी ओर से ऐसा करेंगे ? दूसरे, आपने यह रेशियो क्या कंपैयर किया है कि उनके डिवाजिट का रेशियो क्या है ? आप बतायें कि आज से चार साल पहले जो आपके ग्रामीण बैंक हैं उनमें डिवाजिट कितना था और इस समय कितना है, क्योंकि यह तो पैसा किसान से आता है। उनका लोन उस समय क्या था और इस समय कितना है। यह आप बतायें तो इससे मामला साफ हो जाता है।

SHRI PRANAB KUMAR MUKHERJEE: Sir, I have already mentioned that it is not possible that the Reserve Bank does not pursue the policy of selective credit. They are pursuing selective credit policy. What I wanted to say or emphasise is that if they have put a blanket ban, as has been suggested by the hon. Members, or if any Branch Manager or any Bank has done it, I have already said in reply to an earlier question that I have asked the Reserve Bank to examine it and rectify that position. That point has already been taken care of.

**श्री नगेश्वर प्रसाद शाही : इंडा रेकडली मंत्री जी ने स्वीकार किया है इस बात को।**

**श्री प्रणब कुमार मुखर्जी : डाइरेक्टली इंडा रेकडली को कोई बात नहीं है। बात यह है कि---**

Whether they have Issued any such thing, we have asked them to examine. I take seriously what the hon. Members of Parliament say. They will examine whether they have issued any such thing? and necessary correction will be made. It is not as if somebody has committed any offence and he is admitting it or not. Sir, he wanted to know the credit-deposit ratio, particularly...

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SHRI NAGESHWAR PRASAD SHAHI: Gramin Banks.

SHRI PRANAB KUMAR MUKHERJEE: For rural banks, I don't think we have it with us because he knows—here I can have a little rubbing with him—that during their two years' period, they stopped expansion of rural banks. We have to restart them again. So, it is expanding now.

SHRI NAGESHWAR PRASAD SHAHI: No, no.

SHRI PRANAB KUMAR MUKHERJEE: I am telling you. I think, 48 regional rural banks were started upto 1977. Thereafter, your Government took the decision that there is no need for rural banks. The Dant-wala Committee was appointed and...

AN HON. MEMBER: Lakdawala.

SHRI PRANAB (KUMAR MUKHERJEE: No. Mr. Lakdawala was in the Planning Commission. So, thereafter, he came...

SHRI SHIVA CHANDRA JHA: Palkhivala.

SHRI PRANAB KUMAR MUKHERJEE: No Palkhivala. So, thereafter he came to the conclusion that this is a good institution and that regional rural banks should be there. Thereafter they were started, but in between you lost the tempo for one and a half years and thereafter we have restarted. And in the Budget Speech I have given the detailed figures. Those are not readily available with me. But I can give you the credit-deposit ratio in the rural, semi-urban and urban areas. But if you want the break-up of the regional rural banks, that figure I do not have, but I can give for commercial banks.

[Shri Pranab Kumar Mukherjee]

The figures are: June, 1969—Deposits in rural areas—Rs. 145 crores; 81 semi-urban areas, they were Rs. 1,024 crores; and in urban and metropolitan areas, they were Rs. 3,496 crores. And the Advances were Rs. 54 crores for the rural areas, Rs. 407 crores for semi-urban areas, and Rs. 3,143 crores in urban areas. Then June, 1980—The Deposits in the rural areas have increased from Rs. 145 crores to Rs. 3,966 crores. The Advances increased from Rs. 54 crores to Rs. 2,161 crores and the credit-deposit ratio in terms of percentage has increased from 37.24 per cent to 54.51 per cent.

DR. BHAI MAHAVIR (Madhya Pradesh): Sir, the hon. Minister has said in the course of his reply—he has admitted—that during the last year the banks did not plan in the matter of credit expansion. Now, this is in perfect parliamentary tradition that he should accent the responsibility of whatever the Government has been doing. He has also incidentally indicated that he is carrying his distinguished predecessor's baby in this regard. But Sir, I have not been able to follow when he says that there is no blanket ban or something of the type. Sir, the article which my friend, Mr. Kul-karni, was referring to refers to the Reserve Bank Governor's advice or directive to the Bank Chiefs given in the meeting held on November 5, which is very specific that "they must strictly adhere to the guidelines, that is, expansion of non-food credit in absolute terms during 1981-82 should not exceed the expansion of last year." Now, if this is not a blanket ceiling, if it is not some sort of a ceiling, I do not know what it is. And if it is a ceiling, this has been caused because earlier during the year which has passed, the banks' expanded credit was beyond what they had done a year earlier. During the corresponding period, the

figures are that in the busy season Rs. 875 crores credit expansion was given, and during the slack season, it was Rs. 540 crores. Assuming that this was against the advice of the Reserve Bank, the question is that if a particular person fattens himself because of over-eating, does the government or the hon. Minister think that the remedy of it is putting him in a tight straight-jacket which is measured according to the original size? This would not be in the interest of the economy just as over-eating was not in the interest of the man's health. So, Sir, my pointed question to him is this: Would he kindly tell us—if this is known to him, as it must be—whether it is not a fact that two things have to be taken account of in this matter first, the increase in the prices, so that the same amount of credit advanced today would mean something like 15 to 20 per cent less in real terms than what it meant last year. So, would it be advisable or by any means justifiable to stick to the same monetary figure, particularly when we are claiming with some justification that the country's industry is picking up. If it is picking up, does it not mean that to that extent the credit needs are also expanding and to that extent you have to allow a higher credit level? If that is not taken care of, does the hon. Finance Minister not agree that this credit shortage may become a new bottleneck in our efforts to expand production?

Number two. Sir, I would like to pointedly ask him if he is aware that according to a circular issued by the Bank of India, I am referring to a specific bank, on the 12th January, all fresh advances have been totally stopped and bank managers have been asked to suspend all advances except for those covered under the 20-point programme. Now the 20-point programme has yet to be. I suppose, defined specifically for the

purpose of advances. And, at the same time, they have been asked to review the existing loans and take appropriate steps to cut down those loans also where they do not come up to the required standards. If this is a fact, does it not mean that there is a very stringent credit squeeze and I am referring to this in the context of what the bank is telling small units, not the Tatas or the Birlas or big parties, who, in any case are able to look after themselves? Sir, this is with regard to the Bank of India. And, the second bank I am referring to is the State Bank of India. In respect of that bank the powers given to the branch managers to give loans up to Rs. 1 lakh or Rs. 2 lakhs have been withdrawn by the head office which again means that all the local, on the spot decisions which could earlier be taken by the branch managers they are now not capable of taking those decisions, which will mean so much more credit squeeze for the small units.

The third point, Sir, I wish to ask Mm is in respect of the marginal farmers and small farmers and the people like that. Under the IRDP Rs. 4,500 crores help is provided for in the plan, which means Rs. 900 crores a year. In this Rs. 900 crores, Rs. 300 crores is Government subsidy and Rs. 600 crores is bank loan. But, Sir, this subsidy is tagged on to the bank loan, so that the subsidy is given only when the bank agrees to advance a loan. The fact of the matter is that if the bank does not advance the loan, subsidy also is not available. I would pointedly ask whether the last two years, and, if it is not much subsidy has been given during the last two years, and, if it is not a fact, which is my information, that not more than 50 per cent of the subsidy has been naturally given to these farmers—small farmers marginal farmers, because the banks have not found it proper or advisable to

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give the loan without which the subsidy also is not available to them.

Lastly Sir, is it not a fact that some very large establishments are being financed with vengeance to say? For example, now in Delhi we have large multi-storeyed hotels coming up, to which something like Rs. 400 crores are reported to have been advanced by way of loans. Now, where are these Rs. 400 crores of loan going to come from? Is it not a fact that these have been made up by depriving the smaller units, which do not have political leverage, who cannot influence the people who take decisions and therefore the small units in industry as well as in commerce as well in agriculture are being squeezed out, forced out of the credit market. And the hon. Minister presently does not seem to have even sympathy for them; at the most, he may have some lip sympathy or a general assurance. I would like him to examine whether it is not a fact that too much of credit is being given to some very large luxurious things like the Palace on Wheels; maybe, the railways have not taken money for it; but these palaces on foundations have taken lot of money: I would like him to examine whether this does not mean so much less credit availability for smaller people.

SHRI PRANAB KUMAR MUKHERJEE: Sir, at the very outset, I would like to point out that something is specifically wrong with my old friend, Dr. Bhai Mahavir. I do not know what the reasons are Sir, even when Mr. Hegde made a point, he completely misunderstood me and completely interpreted wrongly and put words into my mouth which I did not say.

DR. BHAT MAHAVIR: I just missed the word 'deliberate' you mentioned. There was nothing intentional in that; but here...



SHRI PRANAB KUMAR MUKHERJEE: Here is another miss; and when you missed another word, you tried to read too much in-between. When I say as to why suddenly the banks are tightening their belt, it is mainly because in the first place, they were a little liberal. And Dr. Bhai Mahavir, you just read your own observation quietly when you get the draft tomorrow that as if I wanted to pass on some insinuation to my predecessor. It is not so. This is too much to read. And that is not fair also. In a Parliamentary forum and in a discussion, it is not fair. As Minister in charge of Finance, the responsibility is mine, and that I wanted to point out and the question of distinguished predecessor does not arise.

DR. BHAI MAHAVIR: Never did I say that you said so. I only said that by implication it meant that you are carrying the baby of your predecessor, which means something...

SHRI PRANAB KUMAR MUKHERJEE: This is wrong. This is my point that you should not bring in implications here, and that is unbecoming of you; I am sorry to say, because from what I said, nobody did have that feeling of what you said. It is little unbecoming. This is my point, it is not fair. That is why I said I do not know what has happened to you.

DR. BHAI MAHAVIR: Nothing; only you have become a little more touchy.

SHRI PRANAB KUMAR MUKHERJEE: Why should you bring these things when we are having a discussion and when I am quite clear, and you understand it. You should not have brought in any such implications. Why should you bring in

such implications? What do you mean by that implication? And if you have that implication, what is the point of mentioning it on the floor of the House? If you want to mean that I thinly criticised my predecessor, it is absolutely wrong. Neither did I nor anybody else who listened to me, had that feeling except you. This is what I wanted to get registered and to keep the record straight.

You mentioned about that circular.

SHRI SHIVA CHANDRA JHA: Your predecessor deserved this criticism for supporting Mr. Antulay, and there was a privilege issue.

SHRI PRANAB KUMAR MUKHERJEE: Mr. Jha, everyone of us deserves criticism so far as Mr. Shiva Chandra Jha is concerned. There is no doubt, and we gladly accept any criticism you make against us.

Sir, in regard to RBI circular that he mentioned, I am sorry to repeat the answer. I did never say that there is no credit control or no restriction on the credit. What the RBI wanted to emphasise upon in the circular is that if you want to restrict the credit—and when the hon. Member mentioned of the circular, I feel that he has gone through it—upto the beginning of the busy season or by last Friday of October, they make calculations and they said that their credit expansion has increased substantially in the various sectors. Therefore, if you want to be within the ceiling limit for the year concerned, you shall have to be careful. This was the message which was sent through this circular and even in that circular, it was pointed out that within the particular parameter, the priority sectors' requirements will have to be met fully and that they should evolve their strategy in that way. Therefore, I do not feel that there is any inherent contradiction in this. As has been pointed out by Dr. Bhai Mahavir.

Then, Sir, in regard to the subsidy, I do not have the figure. The hon. Member wanted to know the figure in relation to subsidy for the last two years, given to farmers. I do not have the figure with me readily. If the hon. Member is interested, he can put a separate question and I will answer it (*Interruptions*)

DR. BHAI MAHAVIR: My question is, as a policy, is subsidy conditional on the bank giving appropriate loan to a small or a marginal farmer?

SHRI PRANAB KUMAR MUKHERJEE: Definitely. Otherwise, how would they be able to utilise the subsidy? How would they be able to utilise the credit? Credit is not meant just for throwing away the money. Your contention is that, because subsidies are not available, bank credit is not made available, or, otherwise, bank credit is not made available and, therefore subsidies are also not made available. This position I will have to check up. I can pass on the information after getting it.

In regard to the third question, about the palaces and other things, which he has mentioned, I gave him the figure. I have given the figure in regard to the <sup>total</sup> credit which has been made available to the large and medium industries. I do not know whether the palaces or cottages are being constructed out of this. I do not have the separate figure in regard to this (*Interruptions*)

DR. BHAI MAHAVIR: Sir, he has answered all the points. But he has missed one point. I would like to know whether the State Bank of India has withdrawn powers from the branch managers.

MR. DEPUTY CHAIRMAN: He has already replied to this question. He has said that he is examining it.

SHRI PRANAB KUMAR MUKHERJEE: I have already explained this point. I have said, we are examining it. The Reserve Bank of

India has been asked to examine whether any such decision has been taken or whether any bank has issued any such instruction, either by withdrawing the delegated power or by imposing any blanket ban. I have already replied to this question.

#### **REFERENCE\* TO THE DIFFICULTIES AND PROBLEMS BEING FACED BY SILK GROWERS AND WEAVERS OF KARNATAKA**

MR. DEPUTY CHAIRMAN: Now, we take up Special Mentions.

SHRI M. BASAVARAJU (Karnataka): Mr. Deputy Chairman, Sir, I would like to draw the attention of the Government to the difficulties and problems being faced by silk growers and weavers of Karnataka as a result of the proposed import of raw silk and improper distribution of silk yarn to the weavers, threatening the silk industry and the shrink in the export of silk finished goods.

#### **REFERENCE TO THE REPORTED PRE-MATUCRE RETIREMENT SOUGHT BY THE DIRECTOR, LAL BAHADUR NATIONAL ACADEMY OF ADMINISTRATION, MUSSORIE.**

SHRI P. N. SUKUL (Uttar Pradesh): Mr. Deputy Chairman, Sir, I would like to draw the attention of the Government and this House to a very important matter relating to public service and public morality. As a result of the Government's refusal to take action against an IAS probationer of the Lai Bahadur National Academy of Administration at Mussorie, who had attempted to rape a lady probationer from Kerala at pistol point, Mr. P. S. Appu, the Director of the Academy and a former Chief Secretary of the Bihar Government has reportedly sought premature retirement from service. Mr. Appu, who has still two years more