

[Shri R. K. Khadilkar]

because of the fact that the Government has considered it its duty and we have discharged this as far as possible within our means. So, I would assure him that we do not look at them from any other angle.

[Mr. Deputy Chairman in the Chair]  
**REFERENCE TO CIRCULATION  
 OF THE REPORT OF THE PAY  
 COMMITTEE FOR THE  
 PARLIAMENT SECRETARIATES TO  
 THE MEMBERS.**

DR. K. MATHEW KURIAN (Kerala):  
 Sir, on a point of order. Before we go on to the next item on the agenda. I would like to make a submission . . .

MR. DEPUTY CHAIRMAN: No, please. You cannot raise anything now.

DR. K. MATHEW KURIAN: Sir, some time back, we discussed a Private Member's Resolution on the pay; sinks and allowances and the service conditions of the Rajya Sabha Secretariat staff. I understand that the Pay Committee has gone into this matter and a Report has been submitted. I would, therefore, request, the Government, through you, Sir, to allow this matter to be discussed . . .

MR. DEPUTY CHAIRMAN: Mr. Kurian, you cannot raise this now. It is absolutely out of order.

DR. K. MATHEW KURIAN: At least the Report can be circulated to the Members so that we will know what it is and we will have an opportunity to discuss it.

MR. DEPUTY CHAIRMAN: This cannot be allowed.

SHRI KALYAN ROY (West Bengal); Sir, I agree with you that this cannot be raised now. And I also do not want to force it on you. But I would say that at least the Report can be circulated to us.

MR. DEPUTY CHAIRMAN: All right. We go on to the next item.

**THE INTEREST TAX BILL, 1974**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH): Sir, I beg to move:

"That the Bill to impose a special tax on interest in certain cases, as passed by the Lok Sabha, be taken into consideration."

Sir, this Bill seeks to levy a special tax on the total amount of interest received by the State Bank, the nationalised banks and by other scheduled banks on loans and advances made in them in India. The proposed levy is a part of the various anti-inflationary measures taken by the Government in recent months. The banks would be expected to reimburse themselves to the extent necessary by making appropriate adjustments in the interest rates charged from borrowers. It is expected to result in an increase of about one per cent in the cost of borrowings from the scheduled banks. It is estimated that the proposed measure will yield about Rs. 100 crores in a full year and Rs. 120 crores during the current financial year. The proposed tax will thus have both a monetary and fiscal impact inasmuch as it will serve the purpose of raising the cost of borrowed funds and of supplementing Government revenues,

The proposed tax, to be known as "interest-tax", will be levied at the rate of 7 per cent on the amount of the chargeable interest. For the purpose of the law, interest will include commitment charges on the unutilised portion of any credit sanctioned for being availed of in India, as also discounts on promissory notes or bills of exchange drawn or made in India. Discounts on treasury bills will, however, be outside the scope of the levy. Interest on Government Securities and on debentures or other securities issued by local authorities, companies or statutory corporations has also been exempted from the proposed levy. Interest received on loans and advances made by a scheduled bank to other scheduled banks will not be chargeable to tax. This exemption is being allowed because such loans and advances represent temporary accommodation granted by one bank to another and interest received by the borrowing bank from its constituents will, in any event, be chargeable to tax in its own hands.

Interest-tax will be levied on interest accruing to scheduled banks in any account year relevant to (lie assessment year 1975-76 and subsequent assessment years. Interest accruing up to 1st July, 197-1, that is, the date mi which announcement regarding the proposed levy was made b\ the Finance Minister in the Lok Sabha, will not be included in the tax base. Any bad debt in respect <>i interest charged to the interest-tax in any earlier year will be deducted in computing the chargeable interest, Interest-tax paid by scheduled banks will be deducted in computing the taxable income under the Income-tax Act.

Interest-tax will be payable in advance in two half-yearly instalments on 15th September and 15th March of the financial year immediately preceding the assessment year. The scheduled banks will be required to furnish before each of the due dates an estimate of the chargeable interest accruing in the relevant period and the interest-tax payable by them in advance. The Bill provides for the imposition of a penalty in cases where interest-tax paid in advance falls short of 85 per cent of the interest-tax assessed on regular assessment. The penalty shall not be less than 10 per cent and may extend to one and one-half times the amount by which the interest-tax paid in advance falls short of 85 per cent of the tax determined on regular assessment. In cases where interest-tax is not paid in advance, the penalty leviable will vary from 10 per cent in one and one-half times of 85 per cent of the interest-tax determined on assessment.

The new law will be administered by the Income-tax Department. The provisions in the Bill for payment of interest-tax on sale assessment, regular assessment and reassessment, as also for appeals, rectification (if mistakes, etc., are broadly on the lines of the corresponding provisions in the Income-tax Act, 1901, and the Companies (Profits) Surtax Act, 1901. Arrears of interest-tax and of penalties imposed under the Bill will be recoverable in the same manner as arrears of income-tax.

The Bill also seeks to amend the Central Boards of Revenue Act, 1901, to provide that interest-tax imposed under the Bill will be regarded as a "direct tax" for the purposes of that enactment. This will enable the administration of the new levy by the Central Board of Direct Taxes.

Sir, the Bill being part of the anti-inflationary package, I am confident it will receive the support of the House.

With these observations, Sir, I move.

*The question was proposed.* SHRI MAHAVIR TYAGI (LHtar Pradesh): I want to seek a clarification...

MR. DEPUTY CHAIRMAN: No, not at this stage. . .

*(Interruptions)*

SHRI MAHAVIR TYAGI: Do you mean to say that I can't ask for a clarification at this stage? . . .

MR. DEPUTY CHAIRMAN: No, not at this stage . . . *(Interruptions)*. All this will be discussed . . .

SHRI MAHAVIR TYAGI: No, I will . . .

MR. DEPUTY CHAIRMAN: No, I have made it clear so many times . . . *(Interruptions)*. Mr. Kalyan Roy. . .

*(Interruptions)*

SHRI MAHAVIR TYAGI: I want to know whether the incidence of this tax will fall on the banks or will it be transferred to the persons who borrow . . .

*(Interruptions)*

MR. DEPUTY CHAIRMAN: No question will be answered now. It cannot be replied . . . *(Interruptions)*.

SHRI MAHAVIR TYAGI: I am sorry for your inefficiency . . .

*[At this stage, the lion. Member left the chamber.]*

MR. DEPUTY CHAIRMAN: Yes, Mr. Kalyan Roy . . . *(Interruptions)*. It has become a wrong practice; I cannot allow it. If he does it, other Members will also ask questions from the Minister. Then what is the meaning of this discussion in the House? . . . *(Interruptions)*.

SHRI KALYAN ROY (West Bengal): Sir, I am starting at an unfortunate moment. . .

*(Interruptions)*

Sir, it is supposed to be a package Bill or a part of a package deal. But I must say that it is not a package Bill; it is a shady deal, denying the benefits to the

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workers at a time when prices are rising and unemployment is rampant throughout the country.

Now, in relation to the banks, may I draw my friend, Mr. Ganesh's attention to what is happening in banks, particularly in the Reserve Bank? The Reserve Bank is run by the most unashamed leaders of the monopoly capital and black marketeers, leading to the cornering and hoarding of commodities and thereby creating scarcity and rising prices. And this is the regular business of the Reserve Bank of India. And the nationalisation of commercial banks has not improved the situation. The whole tragedy is we are talking about banks, but the experience after taken over is the Reserve Bank of India and the commercial banks, dominated by the advisers of the monopoly houses, are consistently and planfully using the social money, that is, bank deposits, to enrich the big bourgeoisie, kulak groups of the Congress and the ministerial circles and bureaucrats, by giving liberal finances to all of them beginning only, of course, with big business. I could not resist the temptation of quoting from the 'Economic Times' which appeared on the 1st June, 1974 which states: 'Indeed there is a concern in New Delhi over the fact that the Reserve Bank in the name of monetary restraint has fostered monetary inflation to a point where bank credit to commercial sector at Rs. 9376 crores on May 10, exceeded now bank credit to the Government sector which stood at Rs. 9013 crores. The Reserve Bank boosted bank credit to the commercial sector with liberal accommodation to the banking system. This was tantamount to deficit financing of the private sector. And what is the result of this? The result of this is further rise in prices. And the Government came out with an attack on Wages So, Mr. Ganesh, it is not a question of mobilising or mopping their interest. The real remedy is to have a frank probe into the working of the nationalised banks, particularly into the functioning of the Reserve Bank, and sack this paid-agent of the monopoly, the present Governor of the Reserve Bank. I would draw the attention of the Finance Minister, through you, Sir, to the report which came in the 'Statesman', an organ of the monopoly houses.

where it points out, that all this talk of Mr. Ganesh and Mr. Chavan of a close scrutiny of the fifty biggest accounts in each of the nationalised banks is a humbug. When the Government is talking about credit squeeze, the Deputy Governor of the Reserve Bank has written a letter to the Custodians of the commercial banks and here he has mentioned—I quote from the letter—regarding the question of borrowing from the banks. He says, "Your bank may already be having a procedure for achieving the above objective ..." What is the objective? The objective is to properly see that credit is properly utilised. In other words before a credit is given there should be a "close careful scrutiny of inventories, raw materials, stocks in procession, finished products and stores, etc. etc." But in fact "it is known in the financial circles that no such procedure exists in any of the nationalised banks and the Reserve Bank is not unaware of it." Knowing that there is no procedure of that type and the bank credit is given to the monopoly circles without proper inventory study, this Deputy Governor of the Reserve Bank is trying to sabotage the entire credit squeeze policy. As a result,—I am quoting from the 'Statesman' of September 29, 1974—"During the year from June, 1973 to June, 1974 the Reserve Bank authorised credit limits under its credit authorisation scheme of an additional Rs. 850 crores which was much more than in the immediately preceding Corresponding period." "Thus according to the financial circles the Reserve Bank and the managements of the nationalised banks have shown no concern for the rapidly rising credit." This is the unfortunate performance of the Reserve Bank. What I submit to you is if you want to do something, not restructuring the economy, not changing the entire banking structure, but a thorough probe into the working of the Reserve Bank and the nationalised banks. I was reading a pamphlet by Mr. H.V.R. Iyengar, "Whither Reserve Bank". He says, "There is a great tendency in India to treat the operations of the Reserve Bank as mysterious to be discussed in public only at peril." That is the view, the Reserve Bank's activities are to be shrouded in mystery; it is an enigma. We know what the Reserve Bank has done when the Birlas bought a few years before a 1 million £ without any regard for the

Reserve Bank. And the Reserve Bank said. "It is all right, you go ahead."

Later on, it was discovered by the CBI that the deal was a shady deal. This is the role of the Reserve Bank since independence, to help the bourgeoisie, to help the monopoly and to sabotage the credit squeeze. And what has the Finance Minister don "J Only taking some interest to see that bank credit squeeze will be able to even partially solve the inflation? If his wagefreeze going to solve inflation because there is already talk about market recession?

Lastly, Sir, what is the role of the banks<sup>5</sup> I will point out only one bank, the United Commercial Bank which is one of the big five. Sir, I am quoting from the Bulletin, published by the Congress 'Economic Council—Bulletin No. 6—where it was stated:

"The total advance of the United Commercial Bank, as per its Balance Sheet for the year ended 31st December, 1972, amounted to about Rs. 217 crores ..... It has been seen that to ten monopoly houses, (the Bank has made advances to the extent of Rs. 91 crores."

This is the performance of the Bank. Bank after Bank, they have particularly given not only to speculators and hoarders but to the big monopoly houses so that their tentacles over the economy become firmer and stronger. I will point out another sordid episode of the United Commercial Bank. These are not the publications by any leftist journal or by the Communist journal. This is the journal published again by the Congress Economic Council. This is Bulletin No. 7. I will just read only to show how the banks are functioning. This is about the sordid performance of Mr. Desai, the Custodian of the United Commercial Bank. Sir, would the Minister finish his private discussion?

SHRI K. R. GANESH: I am listening.

SHRI KALYAN ROY: I do not know, perhaps, he has got sympathy for Mr. Desai and he does not want to hear me criticizing Mr. Desai.

MR. DEPUTY CHAIRMAN: He is attuned to you.

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SHRI KALYAN ROY: Sir, so long as you are listening to me, I am happy. I do not care whether the Minister listens to me or not. In fact, he is helpless. He cannot do anything at all in that post

Sir, I am quoting from Bulletin No. 7 of the Congress Economic Council about the sordid performance of Mr. Desai, who is Custodian of the United Commercial Bank. What has he done? Our comrade from Haryana may please listen. Sir, it is said here, and I quote:

"In Aurangabad (Maharashtra) Branch of the United Commercial Bank, it is reported that agricultural advances to the extent of Rs. 60.81 lakhs had gone completely bad. It is alleged that the Branch Manager, who was occupying the post for a number of years, made advances to non-existing farmers for purchase of pumpsets and other agricultural inputs, in conspiracy with some bogus dealers of pumpsets. It is also alleged that the loan applications were collected by these dealers and even seed/margin money were deposited by the dealers for account of the supposed loanees. The Branch was not inspected before November, 1970 and no action was taken against the Manager even for persistent breaches of Head Office instructions. He was suspended only in July, 1973, though the irregularities were being committed since 1969. On pressure being put by the Board, the case was half-heartedly referred to the CBI only in November, 1973, but the CBI refused to investigate due to procedural defects and the Bank Management had been asked to resubmit the case to the CBI after giving all the relevant information and details. Latest inspection of the Branch reveals that practically the entire amount of advance of Rs. 60.81 lakhs is irrecoverable."

Sir, I would request Mr. Ganesh to probe deeply into this matter and punish the guilty persons. Would he also see how Rs. 5 lakhs was advanced to a nonexistent forest company in Jammu and Kashmir by Mr. Desai, the Custodian of the United Commercial Bank? This is how the banks are operating. As I have already pointed out, out of a deposit of Rs. 77 crores of the United Commercial Bank in

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West Bengal, Rs. 62 crores were given as loan. Out of Rs. 62 crores, Rs. 61 crores were given to the monopoly houses. Out of Rs. 217 crores up till now, an amount of Rs. 200 crores has been given to the monopoly houses. Either they give to monopoly houses, and if the monopoly houses are not available, they set up dummies, non-existent farmers, non-existent cultivators, and they misappropriate the money.

Sir, these are the sordid things which are going on in the entire nationalised sector of the banks. This aspect was even repeatedly pointed out in the All India Bank Employees' Association conference where they said: Please take steps; please stop credit. Even the *Statesman* has pointed out that the Deputy Governor of the Reserve Bank is directly sabotaging the credit squeeze policy and after the credit squeeze policy was announced more credit has been advanced than before this policy came into force.

Sir, I would like Mr. Ganesh to—

(1) start a probe into the functioning of the Reserve Bank of India;

(2) sack the present Governor because no probe would be fair so long as he is there;

(3) inquire as to how the letter was issued by the Deputy Governor of the Reserve Bank to the various banks; and

(4) find out what is the present position of the credit squeeze and how to improve the functioning of nationalised banks in co-operation with the representatives of the workers.

श्री सवाई सिंह सिसोदिया (मध्य प्रदेश) : मान्यवर, घाटे के बजट का प्रभाव, महंगाई में वृद्धि, धन के फैलाव को कम करना, काले धन पर नियंत्रण करना, अग्राऊ सौदों पर रोक लगाना, इस तरह के केन्द्रीय सरकार ने बहुत से कदम उठाये हैं, उनमें से यह भी हमारे सामने विचारार्थ एक वित्त विधेयक पेश आ है।

श्री कल्याण राय : काला धन कैसे चला जायेगा ?

श्री सवाई सिंह सिसोदिया : आप जरा सुनिये और जल्दी क्यों कर रहे हैं ? इस तरह के बहुत से कदम जो केन्द्रीय शासन ने उठाये हैं, उस शृंखला में वह वित्तीय विधेयक भी एक है और इसके द्वारा हमारे देश में जो शिड्यूल बैंक है, उनको इन्टरेस्ट के द्वारा जो आमदनी होती है, उसके ऊपर 7 परसेंट का टैक्स लगाया गया है। मान्यवर, मैं इस कदम का स्वागत करता हूँ। लेकिन इसके जो दूरगामी परिणाम राज्यस्तरीय सहकारी बैंकों पर होने वाला है, उसकी ओर शासन का ध्यान आकर्षित करना चाहता हूँ। अगर इसका असर इन राज्यस्तरीय सहकारी बैंकों पर ही होता, तो हमको कोई शिकायत नहीं होती, लेकिन इसका परिणाम आखिर में जाकर हमारे देश के जो छोटे और मध्यम श्रेणी के किसान आई हैं, उन पर होने वाला है।

बिल उस उद्देश्य से लाया गया है कि महंगाई में हो रही वृद्धि को रोका जाये। अग्राऊ सौदों को रोका जाये तथा बढ़ते हुए फूलावे की स्थिति को रोक हो, लेकिन इस विधेयक के प्रभाव से महंगाई बढ़ने वाली है। ब्याज की आमदनी पर टैक्स के फलस्वरूप किसानों को, सहकारी बैंकों को, जो ब्याज की दर अभी देनी पड़ती है, बाद में ज्यादा ब्याज देने की स्थिति निर्मित हो सकती है। इस तरह की स्थिति का जो निर्माण होगा, उससे किसानों की दिक्कत और भी ज्यादा बढ़ जायेगी और इसी स्थिति की तरफ केन्द्रीय शासन और माननीय वित्त मंत्री जी का ध्यान मैं

आकृष्ट करना चाहता हूँ। इस बिल के क्लोज चार और पांच की ओर माननीय मंत्री जी का ध्यान दिलाना चाहता हूँ। क्लोज चार में यह बतलाया गया है कि जितने भी शेड्यूल बैंक्स हैं, उन सब की ब्याज की आय पर 7 प्रतिशत टैक्स लगाया जायेगा और शेड्यूल बैंक्स में जो राज्य-स्तर के सहकारी (अधिकोष) बैंक्स हैं, वे भी शामिल हैं। सहकारी बैंक्स का जो ढांचा है, उसमें शीर्षस्थ इकाई में राज्यस्तरीय सहकारी बैंक है। जिला स्तर पर जिला-स्तरीय सेन्ट्रल को-ऑपरेटिव बैंक हैं। राज्य-स्तरीय जो सहकारी बैंक हैं, उनका सम्बन्ध किन्हीं व्यक्तियों से नहीं होता है, उनका सम्बन्ध जिले के सहकारी बैंक हैं, सेन्ट्रल को-ऑपरेटिव बैंक हैं, उनसे उनका सम्बन्ध रहता है। सेन्ट्रल को-ऑपरेटिव बैंक। नीचे की प्राथमिक सहकारी संस्थाओं को कृषि कार्यों के लिए ऋण देते हैं, प्राइमरी को-ऑपरेटिव सोसाइटियां जो हैं वे किसानों को फाइनेंस करती हैं, उनके खेती के काम में मदद देने के लिए और खेती के व्यवसाय में साधन जुटाने के लिए। इसलिए मेरा निवेदन है कि शिड्यूल बैंक की परिभाषा में राज्यस्तर को, सहकारी बैंकों को रखा गया है उनको इस परिभाषा में सम्मिलित नहीं किया जाये। इस सम्बन्ध में एक माननीय सदस्य श्री नत्थो सिंह ने संशोधन रखा है जो कि बिल्कुल उपयुक्त है। इस संशोधन में यह कहा गया है कि शिड्यूल बैंकों की परिभाषा में को-ऑपरेटिव बैंक को सम्मिलित न किया जाये। इसके साथ ही जो क्लोज पांच है, उसमें यह कहा गया है कि अगर एक शिड्यूल बैंक दूसरे शिड्यूल बैंक से व्यवसाय करता है, तो उस

व्यवसाय से उपाजित ब्याज की आमदनी पर टैक्स नहीं लगेगा। मेरा यह सुझाव है कि प्रान्तीय सहकारी बैंकों की जिला-स्तरीय सहकारी बैंकों से जो ब्याज की आमदनी होती है, उस पर भी टैक्स नहीं लगाया जाये। अगर क्लोज 4 मेरे द्वारा प्रस्तुत सुझाव को एग्जैम्प्ट करना सम्भव न हो तो क्लोज 5 में ऐसा प्रावधान कर दिया जाये कि शेड्यूल को-ऑपरेटिव बैंक और सेन्ट्रल को-ऑपरेटिव बैंक के परस्पर व्यवसाय के द्वारा जो आमदनी होती है, उस पर टैक्स नहीं लगाया जाये। इस प्रकार आज जो किसानों की आशंका बन गई है कि उनको भविष्य में रेट आफ इन्टरैस्ट अधिक देना होगा वह समाप्त हो सकती है। इस सम्बन्ध में यह भी कहना चाहता हूँ कि कामर्शियल बैंक या नेशनलाइज्ड बैंक हैं उनके व्यवसाय में और स्टेट को-ऑपरेटिव बैंक या सेन्ट्रल को-ऑपरेटिव बैंक के व्यवसाय में काफी अन्तर है। उसका कारण यह है कि जो को-ऑपरेटिव बैंक का करीब करीब 99 परसेंट इनवेस्टमेंट सिर्फ एग्रीकल्चरिस्ट्स को फाइनेंस करने के लिए होता है जबकि उसके विपरीत जो नेशनलाइज्ड बैंक हैं या कामर्शियल बैंक उनका केवल 3 फीसदी रुपया एग्रीकल्चर फाइनेंस के लिए अभी लग रहा है। इसलिए इन दोनों को एक ही श्रेणी में नहीं गिना जाना चाहिए। इन दोनों को एक ही श्रेणी में रखना या दोनों के ऊपर एक प्रकार का कर लगाया जाना किसी भी प्रकार कृषिप्रधान आर्थिक व्यवस्था में उचित नहीं हो सकता। शेड्यूल बैंक और स्टेट को-ऑपरेटिव बैंक के ग्रेस प्रोफिट के उपयोग के बारे में रिजर्व बैंक आफ इंडिया के

[श्री सवाई सिंह सिसोदिया]

जो डाइरेक्शन है तथा जो बाईलाज है उनकी ओर मैं माननीय मंत्री जी का ध्यान आकर्षित करना चाहता हूँ। सम्भवतः उनकी जानकारी में हो, लेकिन मैं कहना चाहता हूँ कि स्टेट कोऑपरेटिव बैंक्स को जो लाभ होता है, उसमें से 25 परसेंट 'कन्ट्रीब्यूशन टु स्टेटटरी रिजर्व फंड' के लिए जमा करना होता है। इसके अलावा 15 फीसदी एग्रीकल्चरल स्टैबिलाइजेशन फंड के लिए जमा करना अनिवार्य है।

इसके साथ ही साथ प्रचलित कानून की अनिवार्यता सहकारी बैंकों के समस्त कर्मचारियों को बोनस देने की है; 8.3 परसेंट बोनस दिया जाना बोनस ऐक्ट के द्वारा लाजिमी है। आज जो आमदनी है स्टेट कोऑपरेटिव बैंक्स की उसमें बोनस का वितरण किया जा सकता है, लेकिन अगर यह टैक्स स्टेट कोऑपरेटिव बैंक्स के ऊपर लागू हुआ तो जो अनिवार्य प्रावधान है, बोनस ऐक्ट का, उसका पालन नहीं हो सकेगा। एक और महत्वपूर्ण और विचारणीय बात यह है कि जो आमदनी होती है, उसमें से 5 परसेंट डिवीडेंड जितने भी शेयरहोल्डर्स हैं उनको देना लाजिमी है। इनमें मेजारिटो आफ शेयर्स स्टेट गवर्नमेंट्स के हैं, सेंट्रल कोऑपरेटिव बैंक्स के हैं और दूसरे कोऑपरेटिव आर्गेनाइजेशन्स के हैं। आज भी कोऑपरेटिव बैंक्स का 5 परसेंट डिवीडेंड स्टेट्स के खजाने में ही तो पहुँचता है। ऐसी हालत में मैं निवेदन करना चाहता हूँ कि एक जेब से निकाल कर दूसरी जेब में रखने से कोई फर्क पड़ने वाला नहीं है। ज्यादा शेयर्स स्टेट गवर्नमेंट्स के हैं, उनको लाभ मिलता है। और शेष लाभ बचता है, तो सहकारी

बैंक्स के फंड्स को बढ़ाने में और उससे किसानों को अधिक मदद देने में उपयोग होता है। बचत का उपयोग अधिकतर कृषि की पैदावार बढ़ाने के लिए ही होता है। इसलिए मेरा आग्रहपूर्वक निवेदन है कि इस प्रश्न पर गम्भीरता से विचार किया जाये और ऐसा प्रावधान करें, क्लास 4 में या क्लास 5 में, जिससे इस विधेयक का प्रभाव स्टेट कोऑपरेटिव बैंक्स के ऊपर किसी प्रकार से न पड़े।

अन्त में मैं यह भी याद दिलाना चाहता हूँ कि आज जो इनकम टैक्स ऐक्ट है, उसके प्रावधान से सहकारी अधिकांश (बैंक) को पृथक् रखा गया है, उनके ऊपर इनकम टैक्स ऐक्ट लागू नहीं है। ऐसी हालत में दूसरा प्रावधान प्रस्तावित करना कि जिससे सहकारी बैंकों की इनकम के ऊपर टैक्स लगाया जा सके, बड़ी विचित्रता की बात है। सहकारी आन्दोलन को बढ़ावा देने की निर्धारित नीति के विपरीत कार्य हो रहा है। कोऑपरेटिव बैंक्स को आमदनी का सिवाये किसानों को ऋण देने और उससे ध्याज उपाजित के अतिरिक्त और कोई जरिया नहीं है। इसलिए इस महत्वपूर्ण तथ्य पर अवश्य विचार करें कि एक प्रावधान के द्वारा शासन ने इनकम टैक्स से एग्जैम्प्ट किया और दूसरे प्रावधान से उनकी इनकम के ऊपर टैक्स लगाया जा रहा है जिसका कि परिणाम अन्त में किसानों को ही भुगतान पड़ेगा। अगर यह प्रावधान स्टेट कोऑपरेटिव बैंक्स के ऊपर लागू किया गया तो उसका अल्टीमेट रिजल्ट यह होगा कि आज किसानों को जो रेट आफ इंटरैस्ट प्राइमरी कोऑपरेटिव्स को देना पड़ रहा है उस

के बजाये उनको 14 से 15 परसेंट व्याज की दर प्राइमरी कोऑपरेटिव यूनियन्स को और सेंट्रल कोऑपरेटिव बैंक्स को देना होगा। किसानों पर आर्थिक बोझ बढ़ जायेगा और उनकी उपज पर इस वृद्धि का भार आयद होगा। यह एक विकराल स्वरूप है, उसको और केन्द्रीय सरकार को अवश्य ध्यान देना चाहिए। महंगाई को कम करने के लिए, घाटे के बजट को कम करने के लिए, अवश्य कदम उठाये जाते हैं, लेकिन इस दिशा में एक कदम उठाते हैं, उसके साथ ही आपका दूसरा कार्य ऐसा होता है कि जिसके कारण महंगाई बढ़ती है और उत्पादन करने वालों पर नाना प्रकार के प्रतिबंध और कर-बोझ बढ़ते हैं और उत्पादन की गति में रुकावट आती है। किसानों को सुविधा देने की बात हम बहुत ज्यादा करते हैं, योजना में उनके लिए अनेक व्यवस्थायें रखते हैं, लेकिन उसके बाद भी सारे देश का किसान सुविधाओं के नाम से वंचित रह जाता है। उत्पादन बढ़ाने की दृष्टि से हम कदम उठाते हैं लेकिन इस प्रकार के अदूरदर्शितापूर्ण कदम हमारी तमाम योजना को खत्म कर देते हैं। इसलिए मैं माननीय मंत्री जी से पुरजोर शब्दों में आग्रह करूंगा कि आप इस पर गंभीरता से विचार करें कि कैसे छोटे किसान को ज्यादा से ज्यादा राहत मिले, कम व्याज में उन को फंड्स मिल सके, ताकि उनको वह कृषि उन्नति के काम में लगा सकें।

अंत में मैं एक बात और कहना चाहूंगा कि इस विधेयक में क्लॉज 28 रखा गया है। इसके द्वारा शासन को अधिकार है कि कुछ इन्स्टीट्यूशन्स

इस विधान के प्रभाव से मुक्त रखे जा सकते हैं। यह बिल लोक सभा में पास हो चुका है, इसलिए अगर शासन को मेरे सुझाव अथवा अमेंडमेंट को स्वीकार करने में कठिनाई हो या किसी और कारण से कोऑपरेटिव बैंक्स को सहूलियत देने के लिए प्रावधान करने में दिक्कत आती है, तो क्लॉज 28 के अंतर्गत विधेयक लागू होने के बाद भी शासन को जो अधिकार है, उसके अन्तर्गत उपाय जरूर सोचें कि जिससे स्टेट कोऑपरेटिव बैंक भविष्य में इस विधान के प्रभाव से वंचित किये जा सकें। किसानों के तथा सहकारी आन्दोलन के हित में यह प्रश्न अत्यंत गंभीर एवम् विचारणीय है। धन्यवाद।

SHRI G. LAKSHMANAN (Tamil Nadu): Sir, I oppose this Bill for the reason that it is again encroaching on Lhc rights of the State Government to have tapped. But in every case, the Central Government taps its resources and as inv predecessor spoke just now tvitii regard to these co-operative banks, the Central Government will get a lot of income through these co-operathe banks and through this Bill. It is another thing thai, the State resources are again coming back to the Central Government. Sit, J also request that the State co-operative banks must be exempted but in order to make good that amount, I give certain suggestions for the consideration of this House.

Sir. there are moneylenders in tins country. From which source they get their money, the Government of India or body else Idoes not know. For instance, Sir, there are kinds of moneylenders called *Pathcms* or *kaliulitualas*. They are in thousands in this contry. They arc responsible for the salaried employees becoming insolvent in this country. Whatever you might pay them, they are not able to make their both cuds meet because the\ are involved with these *Pathans* who are more or less blood-suckers. They are from Kabul, from Pakistan and other places. In



[Shri G. Lakshmanan]

our country only these foreigners are allowed and they are dealing with money in this country.

It cannot happen in any other country but in this country it happens. They are definitely not citizens of India. From which source or through which route they enter into our country the Government of India do not know. And these people are doing very good business in moneylending. Without any mortgage or anything they give money and they are taking 10 per cent interest from the salaried employee\*. If he gives Rs. 100 he takes a promissory note for Rs. 400, not even Rs. 400 but Rs. 500 and takes about Rs. 25 as interest in the first instance and then every month this loanee must pay an interest of Rs. 10 for every Rs. 100. This is what is taking place now. Either these people must not be allowed to be moneylenders in this country or they must be taxed heavily. The Income-tax Department should give them a printed receipt book and in that receipt only they must write the promissory notes, if they write on any other paper, not signed by the Income-tax Office that should not be considered as a valid document, as far as the court is concerned. As I said these people should be taxed heavily; I do not know but the Government of India will not go and touch them. We do not know the reason. Wherefrom they get money, we do not know. Sir, I saw in yesterday's papers that the Commerce Ministry in 1972-73 and 1973-74 has issued every year 1,10,000 permits and licences of the value of Rs. 1860 crores and the next year the value has gone up to Rs. 2333 crores. All this money is converted into black money and it is from the black-moneyed people that these moneylenders get money for carrying on their business. These people are therefore actually the blood-suckers of the ordinary people of this country. That is why our country in spite of four or five five Year Plans is not able to go forward; our wealth has not increased, our *per capita* income has not increased. This is how these bloodsuckers and the black-moneyed people are playing with the lives of the nation. Therefore unless we put an end to this black money and see that the black-moneyed people are not allowed to use that money for such purposes, for giving it to the

moneylenders who give loans to the ordinary people at a very heavy rate of interest, these moneylenders will go on destroying the decent life of every national in this country.

Similarly, hundis and other things also. I hope, will be covered by this measure. A big racket is going on in the name of hundis. All the people who earn large amounts as interest from these hundis must be taxed. Then there are the pawnbrokers. Pawnbrokers are the most dangerous people. They may belong to any State and they may have their business in any place and they earn a lot out of their business. When one goes and mortgages a gold ornament with them, it never returns back. The poor people are not able to pay the heavy interest—it may be 12 per cent; even that they are not able to pay—and in the long run that gold ornament goes into the hands of the people who smuggle gold and ultimately it is taken away by the smugglers to some foreign country. So from the way it came it is taken back. Therefore these pawnbrokers must also be taxed heavily. Whatever rule or legislation you make they will circumvent it to see that they do not have to pay any income-tax. For this also I would suggest receipt books being issued by the Income-tax Department and only transactions done through such receipts should be considered as valid. That will help you to find out how much business they do and what they earn. Otherwise they will have some book printed in some press and they will say that these are (the only things that we have got and therefore we are not liable to pay tax.

The source of black money should be tackled. Unless and until we put an end to black money, any legislation that is brought forward will have no effect on the people of this country, and the country will go to dogs, fast night till twelve o'clock we were dealing only with the licence deal. Therefore, the 1,10,000 licences and permits to the value of Rs. 2000 crores or Rs. 2500 crores must be completely stopped. It should not be given to the private owners. Import and export licences must be given either to co-operative societies or to national undertakings. Unless and until this is stopped, democracy will fail in this country, it will not take even two

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three years. We are going very rapidly towards ruination. Therefore, any legislation that is brought forward will have no effect, unless and until this black money is found out. Even when I spoke first, in my maiden speech, I said there were two Finance Ministers in this country. One is Mr. Chavan and the other is Mr. Black money. The Government of India knows from where black money comes. Yesterday I read an article saying that in Madras every day Rs. 25 lakhs worth of black money is being handled by the foreign exchange people defrauding the country. They get receipts from foreign countries and then the money is given. There are gangs working in this. The Government of India knows it, but they will not take action against them. Therefore, I would appeal to the hon. Minister of State for Finance, Mr. Ganesh, who is a progressive. Of course, he was a progressive previously, but I do not know whether he is a progressive now or not. However, if he makes some attempt and if he is not worried about his post of Minister of State for Finance, he can definitely take some action. Therefore, I would appeal to the hon. Minister to find out the source of black money and put an end to it. Then, the other people, whom I have mentioned, should also be taxed, if they are not coming within the purview of this Bill.

Thank you.

श्री राजनारायण (उत्तर प्रदेश) : हम को बहुत ज्यादा तो इसमें बोलना नहीं है केवल एक प्रश्न मेरा स्पष्ट हो जाए, यही मैं चाहता हूँ। हमारे यहां जैसे लगता है बिक्री कर, वास्तव में वह बिक्री कर है नहीं वह है खरीद कर। बिक्री कर का भार पड़ता है जो खरीदता है उस पर। यहां सरकार कहती है यह है बिक्री कर। उसी तरह से जो यह ब्याज, सूद नाम दिया जा रहा है मैं यह सरकार से स्पष्ट कैंटा-गोरिकली चाहता हूँ स्टेटमेंट में कि क्या इसका असर आम जनता पर जो कर्ज लेती है उस पर नहीं पड़ेगा? अगर आम जनता पर इसका असर न पड़े

और जो आम जनता से बैंक सूद लेता है उस सूद के अमाउंट पर पड़े तो उसका एक भिन्न अर्थ हो जाएगा। अगर हायरैक्टली या इनडायरैक्टली बिक्री कर बदल जाए खरीद कर में और यह ब्याज हो जाए कर्ज लेने वाले के ऊपर तो फिर इस बिल का घोर विरोध होना चाहिए। इससे मुद्रास्फीति की बाढ़ रोक नहीं पाएंगे बल्कि इसमें मुद्रास्फीति और बढ़ेगी। अगर हमारी बात सही है तो इससे मुद्रास्फीति बढ़ेगी और अगर मंत्री जी यह कहते हैं कि नहीं किसी भी तरीके से, सीधे, टेढ़े, दाएं, बाएं जो लोग बैंक से कर्ज लेते हैं उन कर्जदारों के ऊपर इसका भार नहीं पड़ेगा तो मेरी समझ में बात आती है बैंक पर भार पड़ेगा वरना बैंक पर भार नहीं पड़ेगा। मैं यह स्पष्टीकरण सरकार से चाहता हूँ।

SHRI R. K. MISHRA (Rajasthan): Mr. Deputy Chairman, Sir, I am rather surprised to hear some of the Members here pleading that the burden of tax on interests should not pass on to the borrowers from the bank. We have heard in this House lot of criticism that most of the bank loans have been given to the affluent section of the society. I do not know why some of the Members are so worried if the burden passes on to that section of the borrower. It would be more proper to suggest that the Government should act in a manner that if the banking system really advances loans to the weaker sections of the society, which it has failed to do in an adequate measure so far, in that extent some protection should be given to them. It would be absolutely wrong, to plead in a blanket manner for all borrowers; most of whom are affluent. In fact it is no. essay that this element of which is inherent in the cheap rate at which bank credit is advanced to the affluent section of the society including affluent section of agriculturists should go. Naturally consideration, protection or

[Shri R. K. Mi

subsidy should be given to the weaker, smaller and marginal farmer. They should be given some relief.

I would like to draw the attention of the Finance Minister to a strange instruction which the Reserve Bank of India has issued in interpreting or misinterpreting the Employees' Additional Emoluments Ordinance on 27-8-1974. The Reserve Bank management issued to its various branch offices instructions about certain allowances which the employees are getting in terms of an agreement which was entered into in 1970. In 1970 there was a bilateral agreement between the employees and the Reserve Bank management and they were getting these allowances under that agreement. The Reserve Bank management then issued orders that payments accruing by way of several of these allowances should be impounded. For example, in terms of the bipartite agreement dated 7-10-70 employees are entitled to regular increments in the time scale on their graduation, if they become graduate, or on passing the banking diploma course. Evidently these are not new increases. But the Reserve Bank has interpreted that this should also be brought under the ambit of the impounding Ordinance which has now been replaced by the Act.

Similarly, employees are entitled to disbursement of conveyance allowance, charge for going out of office on bank duty. This is called conveyance allowance. The Reserve Bank has issued orders that 50 per cent of it should also be impounded. Mr. Deputy Chairman, the employees of the Reserve Bank get family allowance as a part of their regular salary when they complete five years service according to that agreement. Many are due to get that allowance. But you will be surprised to know that now under these instructions issued on the 28th August 1974 even this allowance will also be impounded. Similarly, the local allowances will also be affected. I will request the Minister of Finance to note that this instruction says that:—

"Additional wages/dearness allowance payable to Badli/daily wage, mazdoors may be deducted as per the Ordinance."

This will also be covered. Now suppose

a sweeper is absent on a Sunday and a temporary sweeper is employed to work in the department on that Sunday. Fifty per cent, of that payment will also be impounded. This is a monstrous interpretation of the provisions of this Act and I am sure the Finance Minister will look into it and correct it.

Mr. Deputy Chairman, Sir, I will also, on occasion, just briefly point to one thing. There has been, of late reference about credit which India should take from foreign commercial banks and it has been suggested that we should go in for commercial credit from foreign banks. It is envisaged that foreign banks will advance credit to the Indian banks, credit will be ; to the Indian borrower. Now this is a very dangerous suggestion which is being made in order to escape and shirk the responsibility for additional resource mobilisation within the country. These credits are available at a very heavy rate of interest and if they are secured in the country and spent in unproductive ventures ; and in ventures where the level of efficiency is not very high, I am afraid that in three or four years our entire economy will fall in the grip of the foreign banks. I would, therefore, like to caution the Government against pursuing this suggestion which I do not think is in the national interest.

In conclusion, I will refer to only one other aspect of our banking policy. Now, as far as this Bill is concerned, I do not think it is of very great significance. About Rs. 60 crores or so of budgetary deficit may be covered by this tax. As some Member pointed out, it is just like taking out something from one pocket and putting it into another pocket. I do not think this is going to contribute very significantly in the fight against inflation. But I do not see any objection also in this measure. To the extent that it makes money dearer, it will have a very marginal anti-inflationary effect. But I would like to know from the Finance Minister why some of the measures which have been under the consideration of the Government in regard to improving and tightening fiscal and monetary policies, have not been fully implemented. For example, I understand that a suggestion was given to the

Government that the credit that is generated under the bill re-discounting system should be reduced to zero by August this year. But my information is (hat this is being done in a manner that only the small-scale industries and others are being subjected to inconvenience and the bigger houses, the monopoly houses, are getting all the advantage of it. I had pointed out earlier about the expansion of bank credit to the commercial sector during the last two years. The Government recently pursued a policy of credit squeeze. Now, the whole thing is that the, Government is reducing investment and it is not reducing expenditure at all. My submission is that the Government, in the name of credit squeeze, is reducing investment in productive sectors and is not reducing expenditure to the extent that is necessan. In fact, the budget of the Finance Ministry itself increased from Rs. 5 crores to Rs. 18 crores and now it has gone up to Rs. 24 crores. I think something can be done in order to reduce unproductive expenditure. I hope on these points the Finance Minister will reply.

MR. DEPUTY CHAIRMAN: Or.  
K. Mathew Kurian, last speaker.

DR. K. MATHEW KURIAN (Kerala):  
Mr. Deputy Chairman, Sir, the hon. Minister of State for Finance, Mr. Ganesh, while moving this Bill said:

"The tax is expected to have both fiscal and monetary impact inasmuch as it will serve the purposes of raising the cost of borrowed funds and supplementing Government revenue."

The Government assumes that this Bill will have the double effect of raising revenues for the exchequer, on the one hand, and controlling inflationary tendencies, on the other. Sir, I would say that both these claims of the Minister are total myths which I would like to explode.

Sir, the scheduled banks naturally will have to make appropriate adjustments in the interest rates charged from the borrowers, and according to an estimate, there will be an average increase of at least 1 per cent, in the cost of borrowings from the scheduled banks; this is by the admission of the Government itself. But better calculation shows that the multiplier effect

of these rate adjustments will be much larger than the 1 per cent, claimed by the Government spokesmen. The Government will, of course, according to their estimate, get Rs. (ill crores per annum from the new tax. But what is Rs. 60 crores compared to the multiple amounts, several times Rs. 00 crores, lost by the Government because of their inability to collect tax arrears and to control inflation, which naturally transfers value from the working people to the owners of property? And compared to the wasteful expenditure all over, Rs. 60 crores is a paltry sum. Let us assume that this will be forthcoming. But my main argument is that the increase in the cost of borrowing will not be anti-inflationary in the special circumstances in which our money market works. Elementary economics of public finance will tell us that in a developing country like India credit control is one of the weakest elements which has a very marginal significance to the total control of credit. In fact, there arc other aspects of monetary policy, other instruments of monetary policy, which can be effective but not credit control through bank rate, bank rate policy. My main point is that the bank rate policy, by increasing the cost of credit cannot control the volume or the supply of credit, because the elasti-(ity of this is very, very meagre. I would ask the Government whether through this measure and through the various other measures, they will undertake, as they did earlier, to maintain the deficit in the Budget of 1974-75 to the originally postulated figure of Rs. 120 crores. I would say that it cannot be because all their exercise shows that deficit will be at least of the order of Rs. 800 crores minimum, if not more. And therefore, by the various economic and fiscal policies of the Government, their expenditure, their inability to control wasteful expenditure and their inability to have productive investment expenditure, deficit financing is going to be higher. Therefore, this increase of Rs. 60 crores revenue will be more than offset by the increase in the deficit which will ultimately be realised at the end of the financial year. Even before the imposition of this tax, there was a hike in the bank rate. The minimum lending rate chargeable on banks' advances was increased from 11 per cent, to 12 per cent, except in the case of specially exempted categories and the minimum lending rate advanced against commodities, specially the selective credit control, was increased from

[Dr. K. Mathew Kurian]

1." per cent, to 15 per cent. Further, the maximum rate chargeable by the Reserve Bank of India to the scheduled banks on their borrowings was increased from 15 per cent, to 18 per cent. Having done all this, having increased the cost of credit, what is the reality? Credit squeeze, credit control does not take place if credit for even maintaining inventories by big companies goes on cheerfully expanding. In fact it is only helping in pushing up the entire interest rate structure without controlling the type of money increase which the Government would like to control. Has there been any significant impact of all these measures for credit squeeze through increased rate structure, through increase in the cost structure? I would say, 'No'. My main conclusion, therefore, is that without changes in the structure of ownership, production and distribution, no credit policy can be effective in a developing country like India, particularly where the organised money market is a small proportion of the total money market. A big, sizeable chunk of economic and monetary activities in this country takes place outside the organised money market which through the bank rate policy cannot be controlled. Take, for example, hoarding. Large commodities of common consumption are hoarded with or without bank credit. Moneylenders rule the roost. The triangular forces of the landlords, the wholesale traders and the money-lenders, they keep the people of the villages at ransom and it is these triangular forces which really control the unorganised monetary market. And unless the Government touches the landlords, the whole-sale traders and the money-lenders in the villages, they cannot achieve their objective, and only a small proportion of the total money market can be touched by this new tax policy. Profitability through hoarding, according to one estimate, increased at the rate of 14 per cent, per year. Every year as inflation increases, profitability through hoarding increases at the rate of 14 per cent. As a result even the 1 per cent, increase in the cost of credit as reflected in this Bill will be a pittance, will be peanuts so far as landlords, money-lenders and hoarders are concerned. They would not mind paying one more per cent, because profitability on hoarding is 14 per cent. Why should they mind paying a little more because they can fleece the common people? What will be the

result? The only result will be that while the cost of credit in paper increases, the ordinary people will be further fleeced by money-lenders, unauthorised shroffs and sharks in the villages because of this paper measure that the Government has brought forward.

Bank credit can control inventories, but only very marginally. According to one reasonable estimate, large number of companies keep inventories to the extent of 46 per cent, (>0 per cent. In fact no estimate of inventory on the average should be more than one-third of the total sales output. But in this country we have companies which keep inventories to the tune of 45 to 60 per cent. of the sales. That is made possible because they are able to get money even outside the organised sector. Hoarding is a profitable venture and therefore this happens. This Bill does not cover the unorganised sector of the money market. It covers only the organised money market. Then it covers even the 14 State Co-operative Banks. Clause 28 of the Bill enables the Government, in consultation with the Reserve Bank, to exempt certain banks. I would urge upon the Government to exempt these co-operative banks from the purview of this Bill so that the co-operative structure which is in consonance with other schemes of strengthening co-operative credit is made an instrument to cut at the root of the triangular forces of landlords, moneylenders and hoarders (*Time bell rings*). Sir. I am concluding.

The rate of ratio of fixed deposit to the total deposit has been declining in the last few years. The credit policy, as I said, is a relatively inefficient instrument in a developing country like India. I have already argued the case of the State Cooperative Banks.

I, therefore, come to the conclusion that this Bill, if at all it enables the Government to get a little amount of money, in its totality is an attempt to befool the people. It is not part of a package of measures to control inflation. I contradict the Government's claim that this is part of the package. If that were so, the Government should have taken the following measures. Sir, I will make the following constructive suggestions before conclusion.

If Government are very serious, they should have controlled the black money.

If Government were serious about inflation, they should have collected all the tax arrears amounting to more than Rs. 700 crores.

Government should have realised the outstanding advances from large business houses which are defaulting payments. According to the information available with me, as on 29th June 1973, the outstanding advances from 393 big companies belonging to big business houses like Tatas, Birlas, Martin-Burn, Mafatlals and so on, to the 14 nationalised banks was of the order of Rs. 180.10 crores. If you really study the structure of loans given by the nationalised banks, it will be seen that big monopoly houses are controlling all these resources and with the help of these resources they are able to keep larger inventories of the order of 45 to 60 per cent, and hold the people at ransom. Through these nationalised banks Government should be in a position to control these companies. Massive credit from the nationalised banks is today going to monopoly houses. This policy should be changed.

Fourthly, there should be a positive discrimination in favour of small and medium borrowers as against big borrowers and monopoly houses. Therefore, I recommend differential rate structures for the small and medium producers and for the small and medium farmers. I recommend one particular structure for these people and another for the big houses, big landlords and so on at a higher level so that the Government can mop up their resources. Therefore, Sir, this blanket policy will not help. We need a positive discrimination against the big men.

Fifthly, Sir, the nationalisation of the commercial banks, of the 14 banks, alone is not enough. There is a bank, a South Indian Bank, which is now outside the purview of the nationalisation scheme and today, Sir, it is entering into some hanky-panky business and is earning huge profits and giving sticky loans which is against the rules of the Reserve Bank of India. Now, they will be forced to pay loans and advances which would be irrecoverable. Let the Government take over all the foreign banks without paying any compensation. Unless these measures are undertaken, I am afraid, the impact of this Bill, if it is passed into an

Act, will be only very marginal and it will not be successful in achieving the two objectives which were referred to by the Minister.

SHRI K. R. GANESH: Sir, as I indicated in my brief remarks, this is a simple Bill. But the discussion on this has been escalated into a discussion on the policies of the nationalised banks and various other matters connected with the working of the nationalised banks and also into a debate on the inadequacy of this particular measure, as it has been pointed out by Mr. Mathew Kuriyan.

Sir, I will endeavour to give some specific replies to the specific questions raised since I will not be able, within the time available to me, to go into the working of the nationalised banks. Sir, from time to time this House had the privilege of discussing the question of the working of the nationalised banks in the form of questions, in the form of supplementaries and in the form of a debate on the Budget and the Finance Bills and also in some form or the other.

Sir, I think it is to be said that while in physical terms, the progress of the nationalised banks cannot be denied, there has been a very wide spread dissatisfaction with their working and also their credit pattern. The Finance Minister has, from time to time, replied to these things and he has explained in his own words the working of these banks in terms of the increase in the borrowing accounts, in terms of the percentage which from 1969 till today has gone up in relation to the priority sectors, in terms of the percentage which has gone down from 1969 till today in relation to the advances to the larger sectors, in terms of the opening of the branches of the nationalised banks, particularly in the rural areas and the unbanked areas, and so on and so forth. These facts are there and the honourable Members also know that these facts are there. But the nationalised banks have to go through a very wide area as the need for credit is also very great in this country, particularly when it is a question of credit to the agricultural sector. Then, Sir, there is also the question of making them productive and also of providing desirable productive advances for purposes of production. In view of these factors, there is room for criticism and also there is room for improvement and these things are continuously being looked into.

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Sir, I would only like to mention that it is not correct to say that the Boards of the Directors of the nationalised banks today are dominated by the advisers of the monopoly houses, as mentioned by Mr. Kalvan Roy. That is not the position. As far as the Boards of Directors are concerned, their names have been given and, apart from the representatives of the workers and the staff, there are also independent economists and other persons. Therefore, that position is not there now in the sense that the Boards of Directors of these banks are dominated by the advisers of the monopoly house. The names of these persons have been given from time to time.

Sir, he has, of course mentioned many specific cases of malpractices in banks. These have been mentioned earlier also, and this matter has been before the Government. I shall bring some of the things and in specific cases to the notice of the Department to look into them. . .

SHRI KALYAN ROY: What about the letter of the Deputy Governor of Reserve Bank? The role of the Reserve Bank, after credit is squeeze. . .

SHRI K. R. GANESH: As I mentioned, we shall take up that particular letter of the Deputy Governor, Reserve Bank. If there is to be a vital discussion, a meaningful discussion, on the whole credit policy, and also on the working of commercial banks, then it has to be a separate discussion. Within the framework of this Bill, I would not be able to discuss the question.

The other point has been raised by Shri Rajnarain. Sir, as I indicated in my remarks, the banks would be expected to reimburse themselves to the extent necessary by making proper adjustment in the interest rates charged from borrowers, and also it is expected to result in increase by 1 per cent, in the case of borrowers from scheduled banks. That is the strategy. Of course, Dr. Kuriian may not agree with this strategy, because he has his own views. But this is the strategy in the thinking of the Government that apart from Rs. 60 crores in full year, the resource mobilization effort is very necessary to keep the deficit at the

level we have indicated. Apart from that, the borrowings will also become costlier in terms of inventories, in terms of borrowings and various other things, and it will be possible and necessary for the borrowers also to see that they borrow only for viable purposes. . .

DR. K. MATHEW KURIAN: The Government has from time to time been saying that the only way to control inflation is increase in production. You are increasing the cost of credit in general, without being

differentiating. You are increasing the cost of credit for general production purposes. You are without any differential policy.

श्री राजनारायण: एक बात मेरी भी सुन लें। मेरा कहना यह है कि फिर गवर्नमेंट कोई इस तरह का विधेयक क्यों नहीं लाती कि बैंक से लोन लेकर जो पूँजी बनावे, उस पर इतना परसेंट सीधा सरकार देक्स लेगी। That should not be converted into capital . . .

SURI is.. R. GANESH: These are various stages. At the moment, we have come forward with this Bill with a double objective of resource mobilization as well as making credit costlier. With this view, this Bill is there.

Hon. Members have referred to the State cooperative banks. This question was raised in the Other House also and the Finance Minister replied thus:

"Who does not say that they will not pay? They will have to pay. We want them to pay. I am making this plea to the supporters of the cooperative movement: Please go and tell the cooperative movement on your behalf and on my behalf that they must also try and have a differential rate of interest, they should have one rate for the small farmer and another for the non-small farmer. What else? They will be required to pay additionally. The tax on interest can certainly be recouped by this way. When the entire interest structure is being changed and we are certainly making money a little costlier, money that is given by

way of credit, the cooperative banks cannot claim any sort of exemption in this matter."

Credit to agricultural sector is not only given by the co-operative sector but it is largely today given by the nationalized banks. In terms of percentage of the total borrowings, it will not be much. Of course, it is a large area to be covered. I agree that it is a very big, formidable task. But the fact remains that, by and large, nationalized banks are going into the agricultural sector and the percentage which was there in 1969 has increased today. By this I do not mean that we have in any way touched the fringe of the problem,

It is a vast problem to which nationalised banks will have to apply themselves more and more so that more and more credit goes to the priority sector, particularly in the agricultural sector also, particularly to the small farmer and to those who do not have the necessary credit requisites which the banks want. That is why an attempt was made through this policy. It is a matter which is continuously under review and discussion. The Finance Minister has discussed it a number of times with the directors of the banks, with the Consultative Committee and various other agencies, because the whole policy of nationalisation, I agree with the honourable Member, hinges on how far and how quickly and how effectively they are in a position to go to the agricultural sector, and particularly to the smaller part in the agricultural sector, the small peasant and the small farmer. . .

SHRI RANBIR SINGH (Haryana): The nationalised banks do not advance any loans to the small farmers who do not have more than eight acres.

SHRI K. R. GANESH: I agree with you. But that does not change the basis of this Bill. This Bill is meant for something else. So that does not change the structure of this Bill. The other point is raised by the honourable D.M.K. Member and he made a very useful suggestion as to how to control the money that goes on in unorganised and speculative circles. Then about moneylenders, about hundies, about black money, etc. he made a suggestion that the Income-Tax Department and other Govern-

ment agencies should do certain things. Sir, these are very useful suggestions which will be looked into and used by us. Then, Shri Mishra has mentioned about a circular of the Reserve Bank issued in relation to their interpretation of the impounding Ordinance that is there. I may not be able to say off hand, but some of them look quite in the manner that certainly they require a second look. I assure him to put this before the Reserve Bank. The only other submission I want to make is to Dr. Mathew Kuriuu. I have mentioned a number of times, he is a competent economist, I run at a disadvantage in arguing with him on that point in which he is very strong, but I would still submit that credit control is not the only strategy. The total integrated strategy that the Government of India has been following will, we hope, succeed. It may be. It has not yet succeeded. Apart from credit control, the question of savings is there; apart from the question of savings the question of fresh resource mobilisation is there. It has been done by Finance Bill No. 2. Apart from that we have to attack the black money. We may not with your suggestion for demonetisation. But various other steps have been taken and continue to be taken and will be stepped up. I can assure the honourable Member that our efforts will be stepped up continuously to attack the black money. I agree that this Bill affects the organised money sector, it does not affect the unorganised money sector. It is in the unorganised money sector, at the commodity level, that hoarding, profiteering, etc. takes place. And it is necessary to attack this money in the unorganised sector which goes into larger scale hoarding and profiteering. The attack has got to be multi-pronged, from various agencies of the Government, the Income-tax Department, the Enforcement Department, the Sales Tax Department, and so on. Considerably heavy attacks have to be made. There is no doubt about it. Then he talked about tax arrears. Time and again we have given the figures of tax arrears. Gross arrears were about Rs. 700 crores and net arrears about Rs. 400 odd crores of which Rs. 190 crores, or about that figure, are advance tax which has not yet fallen due. This we have already discussed. He also mentioned that advances given by banks should be realised. There is no difficulty about it. But it should be realised that massive advances should be pumped into the priority sector. But about that also there



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is no difficulty and there is no dispute about it. Whether it is being fully implemented or not, it has got to be seen. And then as far as rates on advances to larger houses are concerned, about this also (here is no dispute in principle. I would only submit that if Dr. Mathew Kurian comes down to concrete things, apart from generalizations and political formulations, he would come to the conclusion that broadly there is not much difference between him and the steps initiated by the Government of India has been taking. Only he can say that they are not being fully implemented. With these words I commend the Bill.

MR. DEPUTY CHAIRMAN: The question is: —

"That the Bill to impose a special tax on interest in certain cases, as passed by the Lok Sabha, be taken into consideration."

*The motion was adopted.*

MR. DEPUTY CHAIRMAN: We shall now take up clause by clause consideration of the Bill.

*Clauses 2 and 3 were added to the Bill.*

*Clause 4 (Charge Of Tax)*

SHRI NATHI SINGH (Rajasthan): Sir, I move:

1 "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Interest-Tax Bill, 1974, as passed by the Lok Sabha, namely:

"That at page 3, after line 13, the following proviso be inserted, namely:

"Provided that co-operative banks shall be exempted from such tax."

*The question was proposed.*

श्री नत्थी सिंह: उपसभापति महोदय, मैंने जो संशोधन पेश किया है उसका साफ आशय यह है कि स्टेट कोऑपरेटिव बैंक को इस कर से मुक्त रखा जाना चाहिए। अभी कुछ बातें मंत्री जी ने कही हैं और वित्त मंत्री जी का जो बयान लोक सभा में हुआ है उसको पढ़कर भी उन्होंने सुनाया है। उन्होंने

कहा कि डिफरेंसियल रेट आफ इंटरेस्ट के आधार पर छोटे किसानों को इससे कठिनाई नहीं होगी और वे अपनी आर्थिक व्यवस्था सुधार सकेंगे। मैं बड़ी विनम्रता के साथ यह अर्ज करना चाहता हूँ कि कोऑपरेटिव बैंक किसी भी किसान के किसी भी वर्ग पर अलग अलग ब्याज लगाने के अधिकारी नहीं है। यह भी सवाल पैदा होता है कि कितना टैक्स कोऑपरेटिव बैंक लेगे, इसका भी कतई कोई आधार नहीं है। बड़े किसानों से किस तरह से ब्याज लिया जाय और डिफरेंसियल रेट आफ इंटरेस्ट किस प्रकार से होगा, ये कुछ ऐसे सवाल हैं जिनके निर्णय रिज़र्व बैंक ही करता है। रिज़र्व बैंक बड़े किसान पर बड़ी ब्याज दर पर कर्ज देने का निर्णय करे तो उसी अंश पर यह टैक्स लिया जाये ताकि शेष किसानों को कठिनाई न हो। मैं यह भी अर्ज करना चाहता हूँ कि अभी मंत्री महोदय ने कहा कि कामर्शियल बैंक बहुत बड़ी तादाद में कृषि कर्ज देते हैं लेकिन किसानों को कर्ज नहीं दिया जाता है। सिर्फ 3 परसेंट जो कर्ज दिया जाता है, क्या वह बहुत बड़ी राशि है? इसके अलावा स्टेट कोऑपरेटिव बैंक किसान को अल्पकारी ऋण देता है जबकि राष्ट्रीयकृत बैंक ऐसा कोई कर्ज नहीं देता है। इनके द्वारा एक पैसा भी फसली ऋण नहीं दिया गया है। आप जो टैक्स लगा रहे हैं वह छोटे किसानों के लिए ही कठिनाई पैदा करेगा। किसानों को कर्ज मिलता है बीज उगाने के लिए और फसल उगाने के लिए, लेकिन किसी भी नेशनलाइज्ड बैंक ने यह कर्ज नहीं दिया है इस टैक्स लगने का परिणाम यह होगा कि उसको यह कर्ज मिलना

भी बन्द हो जाएगा। स्टेट कोऑपरेटिव बैंक भी इस बात की कोशिश करेंगे कि दूसरे बैंकों से जितना रिबेट मिलता है उतना ही वे भी लें और खेती की बजाय अनुसूचित बैंकों से कर्जा लें। आज जरूरत इस बात की है कि खेती में पैदावार बढ़ाने के लिए अधिकाधिक साधन हों केवल टैक्स बमूल कर देने से पैदावार नहीं बढ़ेगी और इससे इनफ्लेशन रुकेगा नहीं। इसलिए मेरा यह संशोधन है कि स्टेट कोऑपरेटिव बैंक को इस इंटेरेस्ट कर में मुक्त किया जाना चाहिए।

**श्री रणवीर सिंह (हरियाणा) :** उप-सभापति जी, जहां तक श्री नत्थी सिंह जी के संशोधन का संबंध है, मैं उसका समर्थन करता हूं और समर्थन करते हुए निवेदन करना चाहता हूं कि यह नीति सही नहीं रहेगी कि कालाधन के नाम पर कृषि में लगने वाले धन पर टैक्स लगाएं या उसके लिए ऐसे तरीके बरतें जिससे इस देश में कृषि को नुकसान हो। श्री नत्थी सिंह जी ने ठीक ही कहा कि नेशनलाइज्ड बैंक किसानों को कितना कर्ज देते हैं और उसके साथ ही जो स्टेट कोऑपरेटिव बैंक है उनको जहां छूट मिलेगी वहां वे अपना पैसा देंगे। तो बजाय इसके कि हम कृषि के लिए जो रुपया लगाना चाहिए उसमें बढ़ोत्तरी करें, इस बिल के जरिए कृषि को जितना पैसा मिलता है उसमें भी कमी होने वाली है। स्टेट कोऑपरेटिव बैंक अगर पैसा देता है Central co-operative Banks को तो उसके ऊपर छूट नहीं है और नेशनलाइज्ड बैंक दें तो उसके ऊपर छूट है और सेंट्रल कोऑपरेटिव बैंक को छूट नहीं है। सेंट्रल कोऑपरे-

टिव बैंक जितना भी पैसा देते हैं वह सारा कृषि को देते हैं और जो ग्रेड्यूल्ड बैंक है, नेशनलाइज्ड बैंक है, वह पैसा सोसायटी को नहीं देते हैं। और उनसे सोसाइटी पैसा लेने वाली नहीं है। तो आज यह धारणा कि फिर उसका टैक्स उसको देना होगा वह सही नहीं है। इसके मायने बिलकुल साफ है कि अग्रिकलचर सेक्टर का रुपया जो भारत सरकार इस बात के लिए बढ़ावा देना चाहती है, तो खेती की पैदावार बढ़ाने के लिए पैसा ज्यादा दिया जाए उसकी बजाए वह रुपया दूसरे सेक्टर में दिया जाएगा। तो फिर कृषि सेक्टर का रुपया दूसरे सेक्टर में न लगे इसके लिए बहुत जरूरी है कि जो संशोधन चौधरी नत्थी सिंह ने दिया है उसको मंजूर किया जाए। (समय की घंटी) मैं एक ही मिनट में खत्म कर दूंगा, उपसभापति महोदय। अजीब हालत यह है कि रिजर्व बैंक, और जो भाई सरकारी बैंकों में सलाहकार हैं, उनके सलाह देने का तरीका अजीब है। खेती के लिए जो पानीपत थर्मल प्लांट के लिए बिजली पैदा करने के लिए हमने पंजाब नेशनल बैंक से, साढ़े 9 करोड़ रुपए का कर्ज लेने का फैसला किया वह भी रिजर्व बैंक की सलाह के कारण नहीं मिला, न ही स्टेट इलेक्ट्रिसिटी बोर्ड को कर्जा मिलेगा। जो पैसा जितना खेती के लिए मिलना है उसको देने का इस ढंग से, इस तरीके से एक रास्ता बनाया जाए कि वह दूसरे सेक्टर में न लगे। आप जानते हैं, जैसा अभी माननीय मंत्री महोदय ने बताया, हम चाहते हैं नेशनलाइज्ड बैंक किसानों को पैसा दें, लेकिन यह बात सत्य है, एक वक्त था जब 20—25 एकड़ से कम भूमि

[श्री रणवीर सिंह]

वाले को . . . . (समय की घंटी) एक मिनट लूंगा।

MR. DEPUTY CHAIRMAN: No question of one minute and one minute and going on extending like that.

श्री रणवीर सिंह : I will take only a minute, Sir. 20—25 एकड़ से कम वालों को कर्जा नहीं देते थे। अब 15 एकड़ से कम वालों को कर्जा नहीं देते और यही नहीं सारे उत्तर प्रदेश में कोई किसान साढ़े 12 एकड़ से ज्यादा ज़मीन हासिल नहीं कर सकता। एक तरह से तमाम उत्तर प्रदेश में कृषक को कर्जा न मिल सके इस ढंग के कायदे और हिदायत हैं रिज़र्व बैंक के जो स्टेट गवर्नमेंट को हैं और नेशनलाइज्ड बैंक्स को हैं। मैं माननीय मंत्री महोदय से निवेदन करूंगा अगर वे संशोधन नहीं मान सकते तो वे कम-से-कम हिदायतें दें कि इसके ऊपर गौर करें और जो संसद् सदस्य खेती के बारे में ज्ञान रखते हैं उनकी मीटिंग बुलाएं और यह जो क्लॉज 28 रखा है उसकी तहत हिदायत करें और इसके साथ ही यह एग्जेम्प्ट (exempt) करने का हुक्म जारी करें।

तो आखीर में मैं जरूर प्रार्थना करूंगा कि इस बिल के पास होने के बाद वे सदस्यों की मीटिंग बुलाएं, ऐसे सदस्यों की जो खेती के बारे में इन्टरेस्ट लेते हैं।

SHRI K. R. GANESH: Sir, in my reply all these points have been covered. As far as the question of having a meeting is concerned, we can discuss these matters.

MR. DEPUTY CHAIRMAN: Are you pressing the amendment?

SHRI NATHI SINGH: Sir, I would like to withdraw my amendment.

*The amendment (No. 1) was, by leave, withdrawn.*

MR. DEPUTY CHAIRMAN: The question is:

"That clause 4 stand part of the Bill." *The motion was adopted.*

*Clause -1 was added to the Bill.*

*Clause 5: (Scope of chargeable interest)*

SHRI NATHI SINGH: Sir, I move:

2. "That the Rajya Sabha recommends to the Lok Sabha that the following amendment be made in the Interest-tax Bill, 1974, as passed by the Lok Sabha, namely:

"That at page 3, line 18, after the words 'scheduled banks' the words 'and co-operative banks' be inserted."

*The question was proposed.*

श्री नत्थी सिंह: उपसभापति जी, मैं एक अर्ज करना चाहता हूँ, मंत्री जी के ध्यान में लाना चाहता हूँ कि यह सेन्ट्रल कोऑपरेटिव्ह बैंक अनुसूचित बैंक की परिभाषा में नहीं आते हैं और इसलिए उनको जो लोन दिया जाता है उस पर ब्याज लगाया जाए, जब कि और शेड्यूल्ड बैंक्स को आपने छूट दी है—उदाहरण के लिए मैं कहना चाहता हूँ, जो स्टेट कोऑपरेटिव्ह बैंक हैं, स्टेट लैंड डेवलपमेंट बैंक हैं, वे अनुसूचित बैंक की परिभाषा में नहीं आते हैं, उनके लिए इंटरनल अकमोडेशन का लोन दिया जाता है—अगर स्टेट बैंक किसी कामर्शियल बैंक को लोन दे या एक कामर्शियल बैंक दूसरे बैंक को दे, तो उसमें ब्याज की छूट लेंगे, स्टेट कोऑपरेटिव्ह बैंक स्टेट लैंड डेवलपमेंट को दे तो उसकी छूट नहीं मिलेगी। इसलिए मैं चाहता हूँ उन कोऑपरेटिव्ह बैंकों को भी इस सूची में जोड़ा जाना चाहिए।

SHRI K. R. GANESH: Sir, the main point is that the cost of borrowing will be increased. That is the strategy. Other things we can discuss with the Member.

MR. DEPUTY CHAIRMAN: Are you pressing this amendment.

SHRI NATHI SINGH: No, Sir. I would like to withdraw the amendment.

*The amendment (So. 2) was, by leave, withdrawn.*

MR. DEPUTY CHAIRMAN: The question is:

"That clause 5 stand part of the Bill."  
*The motion was adopted. Clause 5 was added to the Bill.*

*Clause 5 is in the Bill added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

SHRI K. R. GANESH: Sir, I move:

"That the Bill be returned.

*The question puts [the motion] adopted.*

MR. DEPUTY CHAIRMAN: The House stands adjourned till 2-50 P.M.

The House then adjourned for lunch at thirty-five minutes past one o'clock.

**The House reassembled after lunch at thirty-two minutes past two o'clock, [Mr. Deputy Chairman in the Chair.]**

#### **THE DELHI SIKH GURDWARAS (AMENDMENT) BILL, 1974.**

THE DEPUTY MINISTER IN THE MINISTRY OF HOME AFFAIRS (SHRI F. H. MOHSIN): Sir, I beg to move:

"That the Bill to amend the Delhi Sikh Gurdwaras Act, 1971, as passed by the Lok Sabha, be taken into consideration."

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Sir, the purpose of this Bill is to get over some practical difficulties which have been experienced for implementing the provisions of that Act, particularly the holding of elections to the Delhi Sikh Gurdwara Management Committee. This Bill has been drafted after consulting the Delhi Sikh Gurdwaras Board, which has been constituted under the Delhi Sikh Gurdwara Management Act, 1971, for the proper management and control of the Gurdwaras and their property in the Capital. I shall now explain the provisions of this short Bill.

Clause (a) of sub-section (2) of section 40 of the Act empowers the Delhi Sikh Gurdwaras Management Committee to make regulations for the manner and procedure for deciding whether a candidate for election or co-option to the Committee is eligible to read and write Gurmukhi. It is proposed to confer the power to make rules in that behalf on the Central Government because the initial constitution of the Committee is possible only after the general election. Clause 2(b) and clause 3 of the Bill are intended to achieve that objective. It is also proposed to amend clause (m) of section 10(1) of the Act so as to provide that a person should be able to read and write Gurmukhi, instead of read or write Gurmukhi, to qualify for election or co-option as a member of the Committee. This amendment is in line with the corresponding provision of the Punjab Sikh Gurdwaras Act, 1925.

With a view to resolving any difficulty which may arise out of the Committees' inability to elect all the office-bearers at the first meeting, it is proposed to provide for summoning of another meeting of the Committee. This is being done by inserting a new Section 16A vide clause 4 of the Bill.

Section 31 of the Act provides for the settlement of disputes regarding elections, corrupt practices and electoral offences in respect of election or co-option of the members of the Committee, and the District Judge in Delhi is empowered to deal with all questions relating to such disputes. Section 32 of the Act specifies certain additional matters and disputes which fall within the jurisdiction of the District Judge in Delhi. Under clauses (a) and (b) of section 32, the question whether or not a