

DR. R. K. CHAKRABARTI: Earmarked for specific projects?

SHRI Y.-B. CHAVAN : No, no.

SHRI SARDAR AMJAD ALI: It is seen that in order to meet the various indigenous needs, in the total national economy the import volume is going up and up, whereas the export volume is not actually going up in the same fashion as it is expected or in the same quantity. In view of this, may I know, in order to meet the import needs, whether it will be necessary for us to go in for credit from the IMF during the next financial year?

SHRI Y. B. CHAVAN : I think we are talking about this financial year. About the next financial year I cannot say anything yet. We have yet to go through more than three months of this financial year. At the present moment I do not see any necessity, but I cannot guarantee. If necessary, we can go to them.

SHRI K. P. SUBRAMANIA MENON : In view of the uncertainty about the par value of the dollar and many of the Western currencies, may I know whether any advance has been made in regard to the proposal for making these SDRs an alternative currency for international dealings? May I know what is our right to draw and how much amount we can draw as SDRs?

SHRI Y. B. CHAVAN : There are two types of SDRs. One is the SDR that is held by us, which is more than 186 millions. This is one SDR. The other SDR is held as quota that is allotted to this country. And there are certain rules on the basis of which we can draw. If the hon. Member is interested to know about them, I can certainly give him that information. Certainly it is much better that I tell him—

"Each member of the IMF is entitled to draw resources from the Fund de-

pending on its quota. India's quota is equal to 940 million SDRs. Twentyfive per cent of this quota was paid in gold and the balance in Indian currency. Each member is entitled, as a matter of right, to draw currencies equivalent to its gold contribution—this is called the 'gold tranche'. Gold tranche is defined as equivalent to member's quota minus the Fund's holdings of the member's currency. In our case, this amount currently is equivalent to 77 million SDRs. We can draw currencies equivalent to this amount, as a matter of right. We can also draw a further sum not exceeding 25 per cent of our quota, i.e. currencies equivalent to 235 million SDRs."

Sir, I hope it is clear to him.

**Disparity in comparative advance ratio fixed by Nationalised Banks for Priority and Non-Priority Sectors**

\*617. DR. R. K. CHAKRABARTI : SHRIMATI AZIZA IMAM: MISS SAROJ PURUSHOT-TAM KHAPARDE:

Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that comparative advance ratio fixed by the nationalised banks for Priority Sector is less than that for the non-Priority Sector.

(b) whether production has been hampered in the Priority Sector due to such disparity; and

(c) if so, what steps Government propose to take in this regard?

THE MINISTER OF - FINANCE (SHRI Y. B. CHAVAN): (a) While no precise proportions indicating the relative shares of the priority and non-priority sector advances in the total bank advances have been fixed, the policy of the Government is that priority sector advances should progressively increase. As a result, the proportion of priority sector advances to total

†The question was actually, asked on the floor of the House by Dr. R. K. Chakrabarti.

advances of public sector banks has improved from 4.9 per cent as at the end of June 1966 to 23.8 per cent as at the end of June, 1973.

(b) and (c) Do not arise.

DR. R. K. CUAKRABARTI: Is it a fact that the nationalised banks are advancing huge sums of moneys to the traders who are cornering foodgrains for hoarding and blackmarketing purposes?

SHRI Y. B. CHAVAN: Well, I do not think that it is true.

DR. R. K. CUAKRABARTI: What is the actual amount? Have you got any idea about the total amount or the ratio of the advances made to these particular parties?

SHRI Y. B. CHAVAN: You can put a separate question about it; I will give the answer.

SHRI A. G. KULKARNI: When the Minister has given a rosy picture...

SHRI Y. B. CHAVAN: No, I have not.

SHRI A. G. KULKARNI: ...of increase to the priority sector from 4.9 per cent to 23.8 per cent, he has missed one step. Actually, it had risen to 25.53 from which it has slipped down to 23.8. That is actually the fact that has been given by the Reserve Bank. So I want to know specifically from him about this. Particularly the differential rate advances given to the weaker sectors seem to be only Rs. 4.9 crores up to now out of a total advance of Rs. 1161 crores to the priority sector. Advances made to the professionals and the educated unemployed—it is a pet idea of the Planning Commission and the Government of India—so far are Rs. 15 crores out of Rs. 1161 crores. So I want to know whether the present state has come up because of the non-cooperation of the management of the banks—the board may desire, but it is the shirking of the management. And

the difficulties should be removed by pulling up the management because all the progress and development depend on advances being made to the following two categories at differential interest rates to the weaker sections and the educated unemployed which have got some promise of creating entrepreneurship.

SHRI Y. B. CHAVAN: I do not claim to have given any rosy picture. I tried to give the correct picture. Whether it is rosy or not, it is a matter of opinion. I did not say that it is rosy, because I cannot say that it is very satisfactory. This is one thing.

I quite agree with him that in the case of differential rate of interest scheme which is meant for the poorer sections of the society small agriculturists should be included in self-employed persons. I do not know what figures he is referring to. But I am referring to figures which are also based on information that the Department has given me that in the case of professional and self-employed persons the number of accounts rose from 8,000 in 1969 to 1,00,7,000 in 1973. These are also figures about advances to professionals and the amount that is given as credit for this should be about Rs. 21 crores.

SHRI A. G. KULKARNI: One crore accounts having Rs. 21 crores as credit is something ridiculous.

MR. CHAIRMAN : No second question, please.

SHRI Y. B. CHAVAN: You are right. It is 1,07,000. It rose from 8,000 to 1,07,000. Thank you very much for correction. The figures of amount are in crores for the amount and the figure for the accounts is in the thousands. So I went wrong.

SHRI A. G. KULKARNI: But...

MR. CHAIRMAN : But you should be satisfied now.

SHRI Y. B. CHAVAN : My intention was not to satisfy him. My intention was to give the information to the House.

SHRI A. G. KULKARNI: I asked him a specific question. In view of these things, what steps the Minister wants to take to streamline the management so that these priority sectors will receive their due share? That was my main question.

SHRI Y. B. CHAVAN : I must answer the main question, a more important question, as to what the Government is doing about it. I can say that in case of this differential rate of interest I am personally looking into the matter. Whenever I call the Chief Executives of the bank, for a discussion, that is one of the points that I discuss with them and try to find out as to what exactly are the impediments in the way. At present we have increased the number of areas where the scheme was to be made applicable. In the beginning the number of areas for which the scheme was made applicable was limited. The number of areas has been increased. Now it is made applicable to those areas which are supposed to be areas where the small farmers' agencies, marginal farmers' agencies work. Now they are made applicable to them. We have since identified even the branches. In case of educated unemployed particularly, only on the 1st of November I had called a meeting of the Chief Executives where I had invited the State Minister for Planning who is in charge of this self-employed scheme.

SHRI A. G. KULKARNI: And he was not happy.

SHRI Y. B. CHAVAN : Naturally, he was not happy and I was not happy and, therefore, the meeting was called. We went into the reasons as to why it is not working well, what are the difficulties and so on. Sir, I must say\* one

thing which, I think, I have said before. The major difficulty at the present moment is that we have multiplied the number of branches. Our main difficulty is of finding the right type of personnel for working in these areas. I think it is necessary to reorient the persons who go into the rural areas to approach this problem. So both the recruitment policy and the training of these employees are going to be a major programme. It rather takes time to reorient people.

SHRI H. M. TRIVEDI: The Reserve Bank recently announced the ceilings of credit expansion by commercial banks during the period November to April. I believe over 40 per cent of this credit expansion has already taken place within the first two months. I would like to know, Sir, whether the hon'ble Minister will consider the possibility of laying down ceiling commodity-wise, sector-wise and in terms of large advances so that some of these credits which otherwise funnel through to commodity speculation and commodity hoarding may not occur.

SHRI Y. B. CHAVAN : It is a suggestion. I cannot give any straightway information on it.

श्री सुरज प्रसाद : अभी जो उन्होंने जवाब दिया है उसमें यह बातें निकलती हैं कि इस बीच में फाइनेंशल डिपॉजिट्स जो हैं वह काफी बढ़े हैं। जहां तक खबर है 1969 में 4600 करोड़ डिपॉजिट था वह बढ़कर 92 सौ करोड़ हो गया है। इस बीच में प्रायोरिटी सेक्टर को 1400 करोड़ रुपया दिया गया। हम लोग सरकार से जानना चाहेंगे कि इस बीच जो नान-प्रायोरिटी सेक्टर को ऐडवांस मिलता था और जो आज मिलता है उसका क्या अक्पात है? 1969 में जितना मिलता था क्या उसी तरह से आज भी उनको मिलता है या उसमें कोई कमी आई है ?

श्री सूरज प्रसाद : कितना परसेंट 1972 में मिलता था और आज कितना मिलता है, यह चीज हम को बतलाये ।

SHRI Y. B. CHAVAN: One thing which strikes me very obviously is that if the percentage of the priority sector increases, to that extent, the percentage of the non-priority sector must decrease.

श्री सूरज प्रसाद : प्रायोरिटी सेक्टर में कितना परसेंट होगा, वह बतलाईये ?

श्री य० ब० चव्हाण : नेचरली वह कम ही होगा ।

श्री एस० भी० मिश्र : श्रीमन्, मैं माननीय मंत्री जी से यह जानना चाहूंगा कि प्रायोरिटी सेक्टर, जैसा उन्होंने कहा—में छोटे उद्योग बाने और छोटे लोग है और इसके अलावा एक्सपोर्ट सेक्टर भी आता है तथा प्रायोरिटी सेक्टर भी आता है—क्या यह बात सही नहीं है कि छोटे छोटे एक्सपोर्टर जो कि माल बनाकर एक्सपोर्ट करत है, मैं नाम नहीं लेना हूं, आइटेम्स बहुत है और माननीय मंत्री जी स्वयं ही जानते होंगे । तो क्या यह बात सही नहीं है कि जो नेशनलाइज्ड बैंक है, वे उनके परपज को नहीं देखते है व पैसा मंजूर तब करते है जब तक उनका पैसा, इन्विटी कैपिटल और शेयर कैपिटल का एं रेशियो न हो जाय । इस वक्त यहां से और रिजर्व बैंक से यह डाइरेक्शन्स है कि इनके इन्विटी शेयर और कैपिटल गैरर को न देखा जाय बल्कि उनके परपज, परफार्मेंस और प्रोग्राम को देखा जाय, लेकिन नेशनलाइज्ड बैंक बिल्कुल उल्टा देखते हैं । ट्रेड

में नाम्स होते है कि इतना कैपिटल है और इतना एडवान्स हुआ है, लेकिन ये लोग तो नगलेकटेड चाइल्ड है ।

साथ ही साथ एक्सपोर्ट और प्रायोरिटी सेक्टर की बात है कि सब का रेट आफ इन्टरेस्ट बढ़ रहा है ? एक्सपोर्ट में भी बढ़ रहा है और प्रायोरिटी सेक्टर का रेट आफ इन्टरेस्ट भी बढ़ रहा है और उसमें कोई सीलिंग नहीं है । इस तरह की जो बात हो रही है वह क्यों हो रही है ?

SHRI Y. B. CHAVAN : You see, In terms of absolute volume, possibly the amount may have increased. But I am talking of the proportion. SHRI Y. B. CHAVAN : As far as I know, Sir, credit control, interest rates, etc., are not made applicable to the priority sectors. SHRI S. D. MISRA : It is there—6 per cent, 7 per cent, etc.

SHRI Y. B. CHAVAN: About the other point whether the policy, directions, which the Reserve Bank has given to the banks are implemented in all the cases, well, I have received complaints that they are not. This is the main point that I was explaining. Ultimately the decision is taken by a person in charge of a branch. He is the person who takes decisions, on the spot sometimes. Sometimes they are rather overcautious. That is why these complaints arise sometimes.

SHRI SARDAR AMJAD ALI : Since the hon. Minister made a reference to the self-employment scheme, I would like to know whether the hon. Minister is aware of the fact that in spite of the Government's policy for giving specific financial assistance to all self-employment schemes, the bank managements are not taking keen interest in processing such applications. Our information is that in my State, about 3,062 applications are still pending with the different public sector banks. So may I know what directions you have issued to the bank management-

ments to process the applications immediately and to give a cordial treatment to all such applications?

SHRI Y. B. CHAVAN : Sir, as far as guidelines issued to the Custodians or Chairmen of the nationalised banks are concerned, in July 1970 a committee was appointed and based on the report of this committee, the Reserve Bank has issued guidelines to the commercial banks regarding special credit schemes with particular reference to the employment potential. I will summarise these guidelines. First, the credit scheme should be administered by the bank in such a manner that the assistance provided is need-based. The financial assistance provided should be able to take care of the total requirement of the borrower. Secondly as far as possible, no self-employed or small enterprise applicant should be denied credit merely for want of a third party guarantee. My difficulty is sometimes the people in charge of the branches take advantage of terms as far as possible. That is the difficulty. Some difficulties do arise.

With a view to minimising the time taken for scrutinising the technical feasibility, banks should seek to appoint on their staff at appropriate centres such technical and other experts as may be needed for the appraisal. Adequate follow-up and supervisory arrangements should be organised to keep track of end-use of the funds lent to the small entrepreneurs.

There are many other things. But these are the major points.

SHRI N. R. CHOUDHURY: The nationalised banks could do little benefit to the small entrepreneurs, particularly in rural and semi-urban areas. The Minister says that they have got to train up field staff and also motivate them so that this idea may be fulfilled.

Since 1969 the people of this country were expecting that these nationalised banks would deliver something good to the people, to the unemployed youth. I would like to know from the Minister how long it will take to motivate these field workers so that this benefit of nationalised banks could reach our rural people.

SHRI Y. B. CHAVAN : These things are developing. I cannot accept the suggestion that nothing is being done about it. As I had said in the course of my reply to this question, the proportion of the priority sector is increasing. Whether it is increasing to our satisfaction or not is certainly a different matter and there I agree with the honourable Member. The honourable Member wants to know the target in terms of time as to when they will be oriented. Orientation is a continuing process and it is being done even now.

#### **Loan to Cooper Engineering Company by IRCI**

\*618. SHRI NIREN GHOSH: Will the Minister of FINANCE be pleased to state :

(a) what is the amount of loan so far granted by the Industrial Reconstruction Corporation of India to the Cooper Engineering Company of Bombay; and

(b) what are the terms and conditions under which the loan was granted?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN) : (a) and (b) A Statement is laid on the Table of the House.

#### **Statement**

(a) The Industrial Reconstruction Corporation of India has sanctioned a reconstruction assistance of Rs. 57.00 lakhs to M/s. Cooper Engineering Ltd., Bombay and has disbursed Rs. 39.00 lakhs up to the end of November, 1973.