

SUGGESTION REGARDING BETTER CREDIT FACILITIES AND WORKING CAPITAL FOR TEXTILE MILLS

75. SHRI M. K. MOHTA: Will the Minister of FINANCE/ fārT *fcft be pleased to state:

(a) whether the Indian Cotton Mills' Federation has recently made certain suggestions to Government with a view to affording better credit facilities and more working capital to the textile mills; and

(b) if so, what are the salient features of the suggestions made and what is the reaction of Government in the matter?

THE MINISTER OF FINANCE/ fsRI *fsft (SHRI Y. 13. CHAVAN): (a) and (b) A Statement is laid on the Table of the House.

STATEMENT

Indian Cotton Mills Federation in a memorandum submitted to Finance Minister of India on June 23, 1971, has pointed out that the credit restrictions of mills have led to a reduction in availability of working capital and decline in production of cloth and yarn. The Federation has pleaded for reduction in the margins for advances against cotton manufactures, additional credit limits and lower rates of interest on advances against cotton for mills. There is no ceiling on bank advances to mills against indigenous cotton though the Textile Commissioner gives directions to the mills for regulating the period of storage of cotton by the mills from time to time. There is a graded system of margins beginning from 25 per cent and the permissible holding of cotton is dependent on the number of weeks of consumption of cotton which the mills are authorised to keep by the Textile Commissioner. For mills other than those in Bombay and Ahmedabad, the minimum margin is 25 per cent for stocks equivalent to 8 weeks consumption, 40 per cent of stocks in excess of 8 weeks but not exceeding 10 weeks and 50 per cent for stocks beyond 10 weeks. In the case of mills in Bombay and Ahmedabad the corresponding periods are reduced

by 2 weeks. For weak and sick mills and for mills in the eastern parts of the country the margins are generally kept at 20 per cent for stocks of equivalent to 8 weeks consumption and 35 per cent for a higher level of stocks. For mills in West Bengal 20 per cent margin is taken for stocks equivalent to 10 weeks consumption and 35 per cent in excess of 10 weeks requirements. Selective Credit control does not apply in the States of Assam, Nagaland, Himachal Pradesh Orissa *etc.* Selective credit control does not also apply for imported cotton.

As regards advances against cotton textiles, the imposition of higher margin of 40 per cent is being applied on a selective basis by banks, taking into account the position of sick mills, financial weak units and such other factors. Consistent with the requirement of overall credit policy the Reserve Bank of India reviews the position of credit facilities from time to time and makes suitable adjustments so as to ensure that genuine requirements of the cotton mills are met, ensuring at the same time that hoarding for speculative practices are effectively kept in check. Reserve Bank of India has informed the Federation that in case any difficulties are experienced by individual mills that should be brought to their notice giving details of each case.

SAFE DEPOSIT VAULTS

76. SHRI VITHAL GADGIL: SHRI A. G. KULKARNI: SHRI B. S. SAVNEKAR: Will the Minister of FINANCE/ fārT *Teft be pleased to state:

(a) whether it is a fact that the income-tax officials raided and sealed some lockers in the safe Deposit Vaults of certain Banks in Delhi, Bombay, Calcutta and Madras in the year 1970-71 and if so, the names of the Banks and the persons whose lockers were raided and sealed; and

(b) whether Government propose to review the policy regarding hiring of lockers in the Safe Deposit

Vaults by clients so as to check the hoarding of enormous black money floating in the country?

THE MINISTER OF STATE IN
MINISTRY OF FINANCE/

वित्त मंत्रालय में राज्य मंत्री (SHRI K. R. GANESH): (a) Yes, Sir. A statement indicating the names of the Banks and the persons whose lockers were raided and sealed is annexed. [See Appendix LXXVIII, Annexure No. 7.]

(b) No such proposal is under the consideration of the Government.

CHIEF MINISTERS' CONFERENCE

77. KUMARI SHANTA VASISHT:

SHRI MAHITOSH PURAKA-
YASTHA:

SHRI K. P. SUBRAMANIA
MENON:

SHRI SASANKASEKHAR
SANYAL:

SHRI SITARAM JAIPURIA: SHRI
M. K. MOHTA: SHRI SWAISING
SISODIA:

SHRICHITTABASU: Will the **वित्त** of Finance, **मंत्री** be pleased to state: whether a conference of the State Chief Ministers and Finance Ministers were recently convened by the Union Government;

(a) if so, the subjects of the discussions at the conference;

(b) the decision arrived at the conference; and

(d) the extent to which the decisions have been implemented to date?

THE MINISTER OF STATE IN THE
MINISTRY OF FINANCE/

वित्त मंत्रालय में राज्य मंत्री (SHRI K. R. GANESH): (a) to (d) The Conference of Governors/Chief Ministers of States which met on the 12th October, 1971 discussed various issues relating to mobilisation of additional resources by State Governments in the context of the deficits in their budgets and the burden on the national economy on account of the influx of L/P(D)7RSS—4(a)

refugees from East Bengal. The discussions led to a general consensus on the following lines:

(i) State Governments would step up the effort to raise additional resources to meet their plan and non-plan obligations, both through fresh measures and through economies in expenditure on non-essential and non-priority items;

(ii) The need to raise adequate resources from the more affluent sections in the agricultural sector was recognised. It was decided that problems relating to taxation of income from agriculture should be studied by a committee;

(iii) The States agreed to levy additional tax/surcharge/ duty on certain instruments of mass circulation to help the Central Government in meeting the cost of relief to refugees from East Bengal.

Action on the measures for raising additional resources is to be taken by State Governments. It is not possible at this stage to indicate the likely yield from these measures.

RECOVERY OF TAX ARREARS

78. SHRIMATI VIMAL PUNJAB
DESHMUKH:

SHRI B. S. SAVNEKAR:

SHRI VITHAL GADGIL:

SHRI A. G. KULKARNI:

SHRIM. K. MOHTA:

SHRI SUNDAR SINGH BHAN-
DARI:

SHRI SURAJ PRASAD:

SHRI K. CHANDRASEKH-
RAN:

SARDAR GURCHARAN

SINGH TOHRA:

SHRI SWAISINGH SISODIA:

Will the Minister of FINANCE/
वित्त मंत्री be pleased to state:

(a) what is the amount of arrears of Income-tax, wealth-tax and Estate duty at the close of year 1969-70 and 1970-71 and the amount recovered during 1970-71 as compared to the recoveries made during 1967-68 and 1968-69;