

(b) what steps Government propose to take to meet the genuine needs of the industry, whether in the core, middle or small scale sector?

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

STATEMENT

While raising the Bank Rate and the minimum net liquidity ratio for purposes of determining the penal rate of interest chargeable on excess borrowings of the banks, by 1 per cent in January this year, Reserve Bank took steps to ensure that the credit control measures did not affect the genuine requirements of production and trade. The Reserve Bank made it clear that refinance facilities to banks for lending to priority sectors (exports, small scale industries and farmers) would be provided as before and discretionary accommodation at Bank Rate would also be made available to individual banks whenever required to meet pressures caused by heavy but genuine demands for credit for high priority purposes.

Representations have been received by Reserve Bank from the cotton textile and sugar industry. The textile industry has represented that the restrictions imposed on bank advances against cotton textiles (by prescribing higher minimum margin) have resulted in reduction of credit facilities from banks. It was not the intention of the bank to curtail credit for meeting genuine requirements of the cotton textile industry and the measures taken were only aimed at reducing unwholesome inventory build-up by the textile mills. As for sugar industry, the banks would continue to meet the genuine requirement of production in this season and the bank credit at peak level may go up to Rs. 275 crores as against Rs. 251 crores at peak level in the last season.

In order to ensure that the needs of credit for productive activity in any sector, large, medium, or small, does not suffer as a result of the restrictions on the availability of refinance, Reserve Bank has stressed the need for purposeful credit planning and for intensifying efforts for deposit mobilisation. Banks have also been asked to pay more attention to the supervision and proper utilisation and return flow of funds so that resources can be made to reach as large a number of borrowers as possible. Further, the Bill Rediscounting Scheme introduced by the Reserve Bank aims at evening out liquidity pressures within the banking system. Refinance facilities under the Scheme would be available at the Bank Rate round the year.

NATIONALISATION OF GENERAL INSURANCE

*190. SHRI BHUPESH GUPTA: Will the Minister of FINANCE be pleased to refer to the reply to Starred Question No. 695 given in the Rajya Sabha on the 15th December, 1970 and state the progress so far made by Government in the matter of nationalisation of the general insurance?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI K. R. GANESHI): Government is seized of the matter.

SMOOTH FLOW OF LONG DISTANCE TRAFFIC ON INTER STATE BUS ROUTES

*191. SHRI B. C. PATEL NAYAK: Will the Minister of PARLIAMENTARY AFFAIRS AND SHIPPING AND TRANSPORT be pleased to state the measures that have been taken or are under consideration by Government for improving the smooth flow of long distance traffic on inter-State bus routes in the country?

THE MINISTER OF PARLIAMENTARY AFFAIRS AND SHIPPING AND TRANSPORT (SHRI RAJ BAHADUR): Inter-State bus traffic is regulated on the basis of reciprocal agreements entered into between adjacent States on the basis of payment of road tax to the Home State. Reciprocity is based generally with reference to route mileage in each State. Where differences have arisen, the services of the Inter-State Transport Commission have been made available for resolving them.

INSURANCE COVER FOR SAVINGS ACCOUNTS IN BANKS

*192. SHRI LOKANATH MISRA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have any proposal under consideration for providing insurance cover for holders of savings accounts in banks;

(b) if so, the details thereof; and

(c) the manner in which it will benefit the small saving account holders in the country?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN): (a) Yes, Sir. The Life Insurance Corporation has decided to introduce two Schemes of insurance of depositors in banks. Under one, claim is payable only if death occurs by accident. Under the other, the claim is payable only on death whatever the cause therefor.