

## STATEMENT

(Rs. in Crores)

State	Overdrafts of the States as on			
	31-3-68	31-3-69	31-3-70	2-11-70*
1. Andhra Pradesh	..	0.53	12.17	43.56*
2. Assam	..	17.65	7.98	..
3. Bihar	4.97	..	10.22	1.32
4. Kerala	..	5.52	8.40	8.76
5. Madhya Pradesh	5.23	..	..	..
6. Maharashtra	1.91	..	..	..
7. Mysore	10.15	19.78	14.80	0.60
8. Orissa	5.83	15.61	..	..
9. Rajasthan	3.43	32.27	21.98	44.33
10. Tamil Nadu	..	25.11	16.10	12.06
11. Uttar Pradesh	..	28.21	..	..

\*Information as on 2-11-1970 has been furnished as 1st November, 1970 was a Sunday.

#### ASSISTANCE FROM INTERNATIONAL DEVELOPMENT ASSOCIATION

343. SHRI M. K. MOHTA:

SHRI BABI BHAI M. CHINAI:

Will the Minister of FINANCE be pleased to state:

(a) what is the amount of assistance given by the International Development Association so far during the last three years; and

(b) the purposes for which the assistance was given and the extent to which it has been utilised?

THE MINISTER OF REVENUE AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA): (a) and (b) The information is given in the enclosed statement. [See Appendix LXXIV, Annexure No. 19.]

#### UNIVERSITY THROUGH AIR MEDIUM

344. SHRI M. C. MOHTA:

SHRI SITARAM JAIPURIA:

Will the Minister of EDUCATION AND YOUTH SERVICES be pleased to state:

(a) whether there is any proposal under Government's consideration for establishing a University through the medium of All India Radio;

(b) if so, the details of the proposal; and

(c) the time by when the University will be established?

THE MINISTER OF EDUCATION AND YOUTH SERVICES (PROF. V. K. R. V. RAO): (a) to (c) The question of taking

steps to institute an Open University was discussed on the 27th April, 1970, in the meeting of the Central Committee constituted by the Government of India for the International Education Year. On the recommendations of this Committee, it has been decided to hold a Seminar on "Open University" at New Delhi from December 16 to 19, 1970 at which all the aspects of the proposal, including feasibility of the project, will be examined in detail. It should be clarified that the concept of an "Open University" as now under examination, covers, not only higher education, but also continuation education at all levels of such persons as have left schools.

In addition to Indian participants, it is expected that experts from UK, USA and Australia will participate in this Seminar. The need for establishing an Open University was stressed by me at the 16th Session of the General Conference of UNESCO held recently at Paris.

It is, however, premature at this stage to state as to when such a University will be established in India.

#### PAUCITY OF BANK FINANCE EXPERIENCED BY ORGANISED SECTOR

345. SHRI BIRA KESARI DEO:

DR. B. N. ANTANI:

Will the Minister of FINANCE be pleased to state whether any measures are being taken by Government to relieve the paucity of bank finance experienced by the organised sector of industry; if so, the details thereof?

**THE MINISTER OF REVENUE AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA):** Between June 1969 and April 1970, bank credit to 'Industry' (excluding small-scale industry) is estimated to have gone up by more than Rs. 100 crores or about 6 per cent, as against a rise of 4 per cent in the general index of industrial production and of 1.5 per cent and 4.2 per cent, respectively, in the wholesale price indices of industrial raw materials and finished products during the same period. Estimates for later period are not yet available. However, there is no reason to think that the organised sector of industry is suffering on account of any paucity of bank credit. It has been the banks' endeavour to meet the genuine requirements of credit for all productive purposes, whether in the organised or in the small scale sector. The question of taking any special measures for this purpose, therefore, does not arise.

**CREDIT GIVEN TO SHRI RAM NATH GOENKA BY STATE BANK OF INDIA**

**346. SHRI KALYAN ROY:**

**SHRI S. G. SARDESAI:**

**SHRI BHUPESH GUPTA:**

**SHRI BALACHANDRA MENON:**

Will the Minister of FINANCE be pleased to state:

(a) whether the jute stocks against which the State Bank of India gave a cash credit of Rs. 4 crores to Shri Ram Nath Goenka were inspected and verified by the Bank from week to week;

(b) whether in this connection it has been brought to the notice of the State Bank that false statements were furnished to the Bank in regard to these jute stocks by or on behalf of Shri Ram Nath Goenka; and

(c) whether it is a fact that it took Shri Ram Nath Goenka five months to furnish to the State Bank the relevant information about the centres of the stocks after the Bank had asked for it?

**THE MINISTER OF REVENUE AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA):** (a) to (c) The information asked for relates to an individual account with the State Bank of India which it is prohibited from divulging under Section 44(1) of the State Bank of India Act 1955. Besides, the subject matter of the question is linked with a writ petition filed by Shri Ram Nath Goenka and National Company Ltd. which is pending before the Calcutta High Court.

In view of the above it is not possible for the Government to give any details.

**MEASURES TO REGULATE CREDIT EXPANSION**

**347. SHRIMATI VIMAL PUNJAB DESHMUKH:**

**SHRI T. G. DESHMUKH:**

**SHRI N. P. CHAUDHARI:**

**SHRI A. G. KULKARNI:**

Will the Minister of FINANCE be pleased to state:

(a) the details of the measures adopted by Government to regulate the expansion of credit; and

(b) whether it is a fact that excessive credit expansion results in price rise; if so, the steps taken or proposed to be taken by Government to maintain price stability in such an event?

**THE MINISTER OF REVENUE AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA):** (a) Since January last, the Reserve Bank of India has taken a number of measures to tighten its control over bank advances, more particularly, over advances against commodities subject to demand and price pressures. These measures include the stipulation of larger margin against advances and lower over-all ceilings in respect of advances against certain selected commodities, namely, raw cotton, oilseeds and vegetable oils, and foodgrains. Besides a minimum rate of interest of 10 per cent was prescribed in the case of bank advances against these commodities. In April, the minimum rate of interest on advances against raw cotton, oilseeds and vegetable oils was raised from 10 per cent to 12 per cent; in the case of advances against cotton and kapas, to parties other than the mills, the margin requirements were raised from 60 per cent to 75 per cent. The Reserve Bank of India also curtailed refinance facilities to a number of sectors and withdrew the ceiling on interest rates to be charged on bank advances. Further, the statutory liquidity ratio, as well as the net liquidity ratio, which determine the cost of the Reserve Bank of India's refinance to the commercial banks, were raised. The statutory liquidity ratio was raised from 25 per cent to 26 per cent in February 1970, further to 27 per cent by the end of April, and still further to 28 per cent from the end of August. The net liquidity ratio was raised from 30 per cent to 32 per cent by the end of April and further to 33 per cent by the end of August.

(With the start of 1970-71 busy season, some of the credit control measures in respect of cotton and kapas, cottonseed oil and certain non-edible oil seeds have been relaxed recently).

(b) Prices are affected by a number of factors, including expansion of bank credit.