

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

S46. 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's 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 Nilth 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 PUNJAB DESHMUKH: VIMAL SHRI T. O. 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 a case?

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.

The measures detailed in (a) are pursuant to the Government's concern that bank advances should not outstrip the genuine requirements of the economy.

**AMENDMENT TO RULES FRAMED
UNDER MONOPOLIES AND RESTRICTIVE
TRADE PRACTICES ACT**

348. SHRI K. L. N. PRASAD: Will the Minister of Company Affairs be pleased to state:

(a) whether Government propose to amend the rules framed under the Monopolies and Restrictive Trade Practices Act;

(b) if so, the reasons therefor;

(c) whether it is a fact that as a result of the proposed amendment of the rules 1300 companies will come under the category of dominant undertakings and interconnected undertakings; and

(d) how many companies have so far registered their name- with the Company Affairs Department is provided under the rules?

THE MINISTER OF COMPANY AFFAIRS (SHRI K. V. RAGHUNATHA REDDY: (a) and (b) Some amendments to the Monopolies and Restrictive Trade practices Rules, 1970, seeking:

(i) to prescribe procedure for registration of restrictive trade agreements; and (ii) to simplify the Forms relating to application for expansion, setting up of new undertaking, amalgamation, etc. under Sections 21, 22 and 23 are under consideration.

(c) The rules do not change the definitions of dominant or inter-connected undertakings which are contained in the Act.

(d) 634 undertakings have so far been registered under Section 20 of the Monopolies and Restrictive Trade Practices Act, 1969.

CREDIT POLICY IN RESPECT OF BANK ADVANCES

349. SHRI BIRA KESARI DEO:

DR. B. N. MONTANI:

Will the Minister of FINANCE be pleased to state:

(a) what is the credit policy in respect of bank advances against shares;

(b) whether it is a fact that instructions have been issued to commercial banks, including the State Bank of India and the public sector banks, that they should exercise voting rights in respect of shares pledged with them; if so, the details of the instructions;

(c) what is the total amount of bank credit against shares at present and what percentage does it represent to the total bank credit; and

(d) how much credit has been extended to share dealers, joint-stock companies, firms and individuals, out of the total bank credit against shares?

THE MINISTER OF REVENUE AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN

SHUKLA): (a) The broad policy in respect of bank advances against shares is to ensure that the banks lend money against pledge of shares for productive purposes and other genuine needs of the borrowers and that the credit facilities from the banks are not utilised for speculative purposes or for cornering of shares with a view to acquiring controlling interest in companies.

(b) Yes, Sir, Reserve Bank has issued a directive to all the commercial banks on 28th August, 1970 which *inter alia* stipulates that shares pledged for advance limits over Rs. 50,000 should be got transferred to the bank's name and it should have exclusive voting right in respect thereof. The bank would exercise voting rights with the prior approval of the Reserve Bank and in accordance with such directions as may be given by the Bank. These instructions do not apply in the case of shares lodged by a shareholder as security for an advance, except when any shares are held as security in his account for a period longer than three months.

(c) and (d) The latest final figures available are as on 28th November, 1969. On that date the advances against shares of joint stock companies stood at Rs. 82.51 crores and constituted 2.4 per cent of the total bank credit of Rs. 3455.49 crores. Out of Rs. 82.51 crores, advances to stock and share brokers amounted to Rs. 9.19 crores and the balance of Rs. 73.32 crores to other parties. Separate figures of credit extended to joint stock companies, firms and individuals against the shares are not readily available.

CREDIT GAP IN RURAL SECTOR

350. SHRI CHITTA BASU: Will the Minister of FINANCE be pleased to state:

(a) whether Government have made any assessment about the existing credit gap in the rural sector;

(b) if so, the details thereof, and

(c) the steps taken or proposed to be taken to bridge the gap?

THE MINISTER OF REVENUES AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA): (a) and (b) The All India Rural Credit Review Committee set up by the