

Conference in Madras on June 12, 1968, the Minister of Law and Cooperation of the Government of Madras had stated that the rules and regulations laid down by the Reserve Bank of India for the guidance of the agricultural credit designed to improve and activate the credit institutions in the country were actually hampering the flow of credit;

(b) if so, whether the Reserve Bank of India has examined the implications of such a statement; and

(c) the reaction of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND COOPERATION (SHRI M. S. GURUPADASWAMY): (a) Yes, Madam.

(b) In a letter to the Minister of Law & Cooperation, Madras, it has been pointed out by the Deputy Governor of the Reserve Bank that the existing standards suggested by the Reserve Bank regarding the percentage of recovery performance which would make a primary credit society eligible for fresh loans from a central cooperative bank are in consonance with the principles recommended by the V. L. Mehta Committee on Cooperative Credit and accepted by the Central Government as well as the State Governments. It has also been pointed out that the present standards, as suggested in the Action Programme circulated by the Ministry of Community Development and Cooperation (Department of Cooperation) in consultation with the Reserve Bank of India provide a range of 50-75% recovery of the dues of members, the discretion being left to the local authorities to fix the actual percentage within this range. It has also been pointed out that in Madras some central cooperative banks have not yet fully implemented the liberalisations in loan procedure suggested in the Crop Loan formula such as providing credit to tenants and increasing the ceiling of individual borrowing. The result of these restrictions imposed by some central banks themselves has, in the opinion of the Reserve Bank, the effect of hampering the flow of credit for Agricultural Production Programmes in the State.

(c) The Conference of Chief Ministers and Ministers of Cooperation in Madras has recommended that the procedure adopted for advancing loans should allow grant of loans to non-defaulting members of societies irrespective of the over-dues position of the society. The implications of this recommendation and the concrete measures which can be adopted to give effect to it are now under consideration.

SINKING OF TUBE-WELLS IN PUNJAB

486. SARDAR RAM SINGH :

CHAUDHARY A. MOHAM-
MAD : SHRI B. K. MAHANTI :

Will the Minister of FOOD AND AGRICULTURE be pleased to state :

(a) whether it is a fact that the Government of Punjab have formulated a scheme to sink two lakh tube-wells between Chandigarh and Pathankot;

(b) whether the State Government have sought any assistance from the Centre for the project; and

(c) if so, the nature of assistance sought by the State Government and the decision taken by the Central Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND COOPERATION (SHRI ANNASAHB SHINDE) : (a) The Ministry of Food, Agriculture, Community Development and Cooperation is not aware of any scheme for sinking 2 lakh tube-wells in the area between Chandigarh and Pathankot having been formulated by the Punjab Government.

(b) No.

(c) Does not arise.

12 NOON.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

PROPOSED APPOINTMENT OF A NEW MANAGING DIRECTOR OF THE BRITISH INDIA CORPORATION AND RELATED MATTERS

THE DEPUTY CHAIRMAN : Now the Calling-Attention Notice.

Transferred from the 30th July, 1968.