

RAJYA SABHA

Monday, the 7th August, 1967/the 16th
Sruvana, 1889 (Saka)

The House met at eleven of the clock, Mr.
Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

AGRICULTURAL CREDIT TO FARMERS

♦293. SHRI R. P. KHAITAN: Will the
Minister of FOOD AND AGRICULTURE be
pleased to state:

(a) whether the Committee on Co-
operative farming has recommended that
adequate and timely credit should be provided
to the farmer for agricu'tural production and
for his consumption so as to keep him away
from the traders; and

(b) if so, what is the reaction of
'Government to this recommendation?

THE MINISTER OF STATE IN THE
MINISTRY OF FOOD, AGRICULTURE,
COMMUNITY DEVELOPMENT AND
COOPERATION (SHRI M. S.
GURUPADASWAMY): (a) The Committee
on Cooperative Farming has recti mmended
the provision of timely and adequate finance
to cooperative farming societies and that the
central cooperative banks should include a
limited provision for consumption purposes in
fixing the overall credit limit of the farming
societies.

(b) The recommendations of the
Committee on Cooperative Farming ha;ve
been generally accepted by the Government of
India and the State 'Governments. The central
cooperative banks have been requested to
ciest cooperative farming societies at par with
cooperative credit societies in granting short-
term and medium-term credit.

श्री आर० पी० खैतान : क्या मंत्री
जी यह बतलायेंगे कि इस प्रकार की कितनी
सोसाइटियाँ बनी हैं और कौन कौन प्रान्तों
में बनी हैं और उनका पैटर्न क्या है ।

935 RS—1

SHRI M. S. GURUPADASWAMY: Sir, it
is a broad question. During the Third Plan
nearly 5,500 societies were organised all over
India. For the first year of the Fourth Plan
511 societies have been contemplated.

श्री आर० पी० खैतान : इससे धनी
किसानों को ही लाभ मिलेगा या गरीब
किसानों को भी इस से लाभ होगा ।

SHRI M. S. GURUPADASWAMY: I
cannot categorically say anything. with regard
to this question. But I say that there was a
study made by the Agro-Economic Research
Centre at the instance of Dr. Gadgil some
time past. According to their finding, Sir, 46
out of 129 societies were set up by the big
landlords and the rest by the other people.

SHRI BALACHANDRA MENON:
Considering, the slow progress of cooperative
farming, will the Government be pleased to
see that societies are organised as better
farming societies so that credit facilities and
supply of implements are immediately taken
up?

SHRI M. S. GURUPADASWAMY: It
is a good suggestion, Sir.

SHRI MULKA GOVINDA REDDY: I
would like to know from the Minister this
thing, Sir: In view of the fact that the interest
rate from year to year is going up on the
credit that is supplied to the ryots, what steps
would the Government take to see that credit
is supplied at a very cheap rate to the farmers?
Secondly, I would like to know whether it has
come to the notice of the Government that in
many cases credit does not reach the farmers
and much of it is misused by the officebearers
of some of the societies. What steps would the
Government take to see that this is rectified?

SHRI M. S. GURUPADASWAMY: Sir,
this question has also been answered
previously in this House. But may I assure
the House again that it is our intention to see
that the rate

structure is rationalised at a particular point as early as possible? We have been holding conferences of Registrars at the various regional levels and this matter also is being discussed. So, it is engaging our attention and very soon we will be able to arrive at some conclusion.

SHRI MULKA GOVINDA REDDY: Sir, he did not answer the second part of my question.

SHRI M. S. GURUPADASWAMY: With regard to misuse of loans, Sir, it is a continuing problem and it is our endeavour to see that such malpractices and frauds are removed as far as it is possible to do so. Beyond that I cannot state anything.

SHRI A. O. KULKARNI: Sir, is the Government aware that the results of the organisation of co-operative farming societies are discouraging and they are discouraging because there is a malady of different types and nature, which obstructs the successful working of co-operative farming societies? May I know whether it is a fact that the co-operative farming societies are a failure because the small farmers who are the potential members of the societies do not get credit because their creditworthiness is not there, their holdings are not creditworthy? In this connection may I know whether the Government is aware that a new scheme has been evolved by the Maharashtra Government whereby credit is made available to the poor farmers who join these co-operative farming societies which are popularly known as the Panchayat Scheme Societies? The poor farmer: there are given credit for well digging, pesticides, fertilisers, seeds, etc. on the prospects of the coming crop, not looking to their creditworthiness. Is the Government going to consider this scheme and apply it to the whole nation, so that the farming scheme will really work in the interest of the poor farmers and a dynamic effort can be made to achieve the desired results?

SHRI M. S. GURUPADASWAMY: Sir, whether the co-operative farm-

ing movement is a success or not, it is too early to pass judgment; it may not be a big success so far but in our view it is not a failure either. I have already indicated the number of societies that have been started so far and the hon. Members have got to remember that it is a voluntary movement. The Government cannot impose its will on the people. Such being the case, Sir, we cannot expect big strides in the co-operative farming society movement but it is our wish and intention to see that as many viable societies are formed as possible and the existing societies are also consolidated in the process.

SHRI NIREN GHOSH: May I know whether the needs of the farmers in a year are covered by the credit advanced to them and is it not a fact that it touches only a fringe of the problem and the overwhelming majority of them are left at the mercy of the traders? May I also know the extent of indebtedness of the peasants and also whether it is not on the increase? Sir, there is a report that it is about Rs. 3,000 crores. May I know what steps the Government is contemplating to see that the peasant indebtedness is wiped out?

SHRI M. S. GURUPADASWAMY: Sir, it is an omnibus question but I will try to reply to it. About 75 per cent, of the societies organised were assisted by the Government so far. About 40 per cent of the societies received financial assistance from cooperative financing institutions. But the fact remains that we have not been able to satisfy the full requirements of all the societies. It is also a fact that some societies do not require assistance—it has come to our notice—because they have organised themselves so well; they have been able to mobilise their own resources; they do not depend on external finance. About rural indebtedness, Sir, it is a very big problem; our endeavour is to see that the farmer in the villages is not pushed to the wall and is made to go to the rural banker there.

we have evolved a pattern of assistance whereby we give loan assistance also for consumption purposes. One of the biggest drawbacks in our loan policy in the past was that we used to advance loans for only productive purposes, not for consumption purposes. Now according to the recommendations of the Gadgil Committee—we accept that recommendation—we want to encourage this loan component being included in the general assistance pattern.

SHRI LOKANATH MISRA: May I know whether it has come to the notice of the Government that the rate of interest at which the credit is made available to the peasants, to the cultivators, is prohibitive, and whether the Government is aware of the fact that even though the credit is given by the Reserve Bank of India or by the Central Government at a very low rate of about 3 to 4 per cent, it is because of the introduction of the intermediaries in the shape of co-operative societies, who have their own expenditure before it reaches the peasant, that the rate of interest goes to about 11 to 12 per cent, which discourages the peasant from taking advantage of this credit which is made available to the peasant?

SHRI M. S. GURUPADASWAMY: To the first part of the question may I say that the rate of interest charged for industries is not so low as the hon. Member has said? After all we are talking about the short-term loan and the medium-term loan. The rate of interest charged by the banks for the industries is higher than 4 or 5 per cent. About the second part, he said that the rate of interest charged by the societies is something in the neighbourhood of 11 to 12 per cent. That is not correct. The average rate of interest charged is about 9.50 per cent., but in certain States it exceeds 10 per cent also. So, it is our intention to see that the average percentage throughout India and also the individual percentage in various States is brought down to a reasonable level. It may be 9 per cent. About the third thing, the insinuation he made is that

the co-operative structure is responsible for this big component in this rate. I may inform the hon. Member that but for the co-operative structure, we would not have got the loan from the Reserve Bank at a concession rate. It is because of these institutions—and their policy is to support co-operative credit on as large a scale as possible—that we have been able to get loan from the Reserve Bank at 4 or 4½ per cent. Therefore, but for these institutions this concession would not be available. Anyway we are looking into the whole problem and we are trying to rationalise the rate structure.

SHRI CHITTA BASU: The co-operative credit facilities as are available today do not meet the entire credit needs of our peasants, and according to my estimate about 10 per cent of the total credit needs of the peasants are met by the co-operative credit societies, and as a result of this the poor farmers are to fall easy victims to the moneylenders who charge them about 150 per cent interest. As the hon. Member pointed out, the rural indebtedness is on the increase. Under these circumstances, may I know what steps the Government propose to take to expand the scope of credit facilities to the co-operatives in order to meet the needs of the peasants for credit. Secondly, under the present set of rules of the co-operatives the poor farmers, particularly the share-croppers and peasants, who own land less than 3 acres in certain parts of the country do not get loans from the co-operatives. Under these circumstances, will the hon. Minister be pleased to assure this House that the credit facilities through co-operatives will also be extended to those poor peasants having less than 3 acres of land and the share-croppers whose number is increasing day by day?

SHRI M. S. GURUPADASWAMY: I share the concern of the hon. Member for the share-cropper and the small man. That is why the Government of India has evolved a crop loan assistance programme to help these

vulnerable sections of society. According to this pattern we do not intend hereafter to give loans only on the basis of credit-worthiness of the individual. We want to give loans on the basis of crops raised; that means to say, hereafter the tenant, the sharecropper will be increasingly getting the loan assistance, and the people who possess land, though they are not excluded, will not have the exclusive privilege of this assistance in the future. I think this loan pattern will be able to help the large number of small people in the villages.

Regarding the first question whether we are in a position to meet the increased demand for loan in the villages, as the House is aware, it would be very difficult at this stage to meet all the demands, all the requirements of the farmers. But we have been making an effort, a very big effort, to finance the requirements of the farmers. Sir, this year we would be financing to the tune of Rs. 400 crores, and the requirement is in the neighbourhood of Rs. 800 crores or Rs. 900 crores. So we will be meeting nearly 50 per cent of the requirements of the farmers, and by the end of the Fourth Plan we will be distributing something like Rs. 650 crores. So, our endeavour is to see that the loan programme under the co-operatives is taken further than what it is today.

SHRI AKBAR ALI KHAN: In order to see that the advantages of the cooperative loan go to the lowest in the land in the field of agriculture, there was a move and certain States had taken up that point on two accounts: one, they were not giving credit to those farmers who were not real owners but long-term tenants the other was that this was given only on security basis and credit-worthiness. As it has been the case in Maharashtra they are now giving loan to peasants who may not have sufficient property but the prospect of their production is better. I would like to know on these two accounts what steps have been taken and how many States have modified the law so that the poorest

in the land may take advantage of the co-operative movement.

SHRI M. S. GURUPADASWAMY: I have already replied to this question. We propose to go on the basis of the production-worthiness of the individual and not the credit-worthiness of the individual in all the States, and we intend to cover the whole of India by the end of 1968. This pattern came into vogue last year. So we will be able to take it forward further, and I hope and trust that by the end of next year, 1968, we will be able to cover the entire country.

SHRI AKBAR ALI KHAN: The law that they will get it only 'on the basis of credit-worthiness or security should be modified because they are long-term tenants.

SHRI M. S. GURUPADASWAMY: This pattern has amended the practice prevalent in the past.

SHRI B. K. P. SINHA: I would like to know specially from the hon. Minister sitting there whether it is not a fact that the machinery through which the co-operative credit is being distributed is rather in a very unhealthy state particularly in the State from which the hon. Minister comes, and it is no use improving the policies and programmes of co-operative credit unless the machinery is itself improved. May I know what steps are contemplated to improve the co-operative credit societies themselves because in Bihar they are subject to so many influences, particularly political influences, that the credit does not reach the general people who need it but it reaches other people?

SHRI M. S. GURUPADASWAMY: Not only in Bihar, Sir. There are five States where the co-operative credit movement has not taken roots.

SHRI ARJUN ARORA: Which are those five?

SHRI M. S. GURUPADASWAMY: The Eastern States plus Rajasthan.

AN HON. MEMBER: Uttar Pradesh is one.

SHRI M. S. GURUPADASWAMY: In these States, we want to give alternative loan assistance. We have been thinking of bringing forward a Bill in Parliament soon to float Agricultural Credit Corporations exclusively for catering to the needs of the five States and this is the alternative loan or credit assistance that we are developing. So far as the co-operative structure itself in these States is concerned, it is our intention to see that it is strengthened as far as possible and that the organisational weaknesses, the financial weaknesses and the weaknesses in respect of leadership are removed. And as the hon. Minister is saying, it is the responsibility of the State Governments that they should take steps to see that the co-operative movement is run on the right lines.

SHRI M. V. BHADRAM: May I know whether the Government is aware of the fact that a major part of the loan given by these credit societies of farmers is going into the hands of a few individuals who control the societies and they in turn indulge in money-lending to the weaker or the smaller businessmen or farmers? And may I also know whether it is a fact that the Reserve Bank has advanced loans to speculators in food?

SHRI A. M. TARIQ: Sir, we have already taken twenty minutes on this question.

SHRI JAGJIVAN RAM: The House should not forget that the administration of the co-operative banks and societies is one of the responsibilities of the State Governments. There is no doubt that the development of the co-operative banks and societies in the various States is in varying degrees of strength. Now it is the responsibility of the State Governments and we have been emphasising upon them that they should strengthen the co-operative movement, that they should remove the weaknesses or defects wherever they are noticed and that wherever

there are cases of maladministration, strict action should be taken. More than that, we cannot do anything, it is for the State Governments.

SHRI V. M. CHORDIA: Sir, on a point of order. I am not putting any question.

MR. CHAIRMAN: What is the point of order?

श्री विमलकुमार भग्नलालजी चौरडिया:
मेरा प्वाइन्ट आफ आर्डर यह है कि इस प्रश्न को करीब 22 निमिट हो गये हैं।

SHRI ARJUN ARORA: It is not a point of order.

श्री विमलकुमार भग्नलालजी चौरडिया:
मेहरबानी करके पक्ष सुन लीजिये फिर जवाब देना। इस प्रश्न पर बहस करते हुए 22 मिनट हो चुके हैं क्योंकि इस प्रश्न पर सदस्यों की दिलचस्पी ज्यादा है। चूंकि यह एक महत्वपूर्ण प्रश्न है, इसलिए इस प्रश्न पर एक घंटा या दो घंटे की बहस का समय एलाउ कर दीजिये और अब हमें जो आगे के प्रश्न हैं, उन पर चला जाना चाहिये।

MR. CHAIRMAN: It is not a point of order, I am sorry to say.

SHRI V. M. CHORDIA: There is no point of order?

MR. CHAIRMAN: There is no point of order. I am trying to give so much opportunity. I consider this to be an important question /and therefore I give so much opportunity to the House.

श्री राजनारायण : श्रीमन् यह प्वाइन्ट आफ आर्डर ठीक है। प्वाइन्ट आफ आर्डर यह है कि किसी प्रश्न के लिए दो घंटे का समय चाहिए या नहीं ? क्योंकि इस प्रश्न पर बहस करीब 25 मिनट हो चुकी है इसलिए इससे साफ मालूम पड़ता है कि इसके लिए ज्यादा समय चाहिये और यह एक प्वाइन्ट आफ आर्डर है।

MR. CHAIRMAN; It is a suggestion, not a point Of order. I am not prepared to agree that it is a point of order.

SHRI ARJUN ARORA: May I know if the Government is aware of this fact that the Co-operative Societies Act itself is a big hindrance in the growth of genuine co-operative societies? May I also know if the Minister is aware of the fact that on behalf of the Government it has been repeatedly promised that they will bring forward a better, streamlined and comprehensive Co-operative Societies Act and, if the Minister is aware of this, may I know what stands in the way of the Government removing the defects in the Act?

SHRI JAGJIVAN RAM: It has been noticed, as I have said, that there are certain weaknesses in the administration of the co-operative societies. And there are certain provisions in the Co-operative Societies Act which are dilatory, which take a long time. It is for some time that the Government of India has been pointing out to the State Governments to streamline the Act and amend it so that the dilatory processes and procedures are eliminated. I say, it is being emphasised. Some State Governments have taken action. And it is for the remaining State Governments to take necessary action.

SINKING OF "BADRINATH"

*294. SHRI M. P. BHARGAVA: Will the Minister of TRANSPORT AND SHIPPING be please to refer to the reply given to Unstarred Question No. 456 in the Rajya Sabha on the 5th June 1967 and state:

(a) whether it is a fact that the ship towing "Badrinath" was sailing in mid sea instead of sailing by the side of the shore;

(b) whether any enquiry has been made into the circumstances which led to the sinking of "Badrinath"; and

(c) if reply to parts (a) and (b)

above be in the affirmative, what are the findings of the enquiry report?

THE MINISTER OF TRANSPORT AND SHIPPING (PROF. V. K. R. V. RAO): (a) to (c) The dredger "Badrinath" sank in position 07° 04' 82" 23' about 37 nautical miles off the east coast of Ceylon while being towed by the S. s. "Jalamohan", a vessel of 4480 GRT on the normal steamer route from Calcutta to Tuticorin. A preliminary enquiry into the circumstances of the sinking, of the "Badrinath" held under the Merchant Shipping Act 1958 and a more detailed enquiry by the technical officers of the Directorate General of Shipping reveals that the "Badrinath" sank because of structural failure of the hull resulting in flooding of the ship.

SHRI M. P. BHARGAVA: May I know from the hon. Minister whether any explanation has been called for from the captain of the ship which was towing the "Badrinath" because, when anything it towed in this fashion, the ship should sail by the side of the coast and should not enter the mid-stream? Why was the ship going in the midstream when it should have gone by the side of the coast?

PROF. V. K. R. V. RAO: I think explanations are called for because several enquiries have been held, as I told you, Sir, in my statement, and the Additional Director-General of Shipping submitted his report and whatever action is necessary will be taken following that report. It includes all possible acts of negligence or non-fulfilment of instructions by the captain of the ship of others concerned.

SHRI M. P. BHARGAVA: May I know whether the hon. Minister will agree with me that this sinking incident happened because India does not have a powerful tug? And as the Minister is probably aware we have already spent Rs. 50 lakhs in foreign exchange in getting tugs from foreign countries whenever our Indian ships have been in distress during the last ten years. And Rs. 50 lakhs have