

Credit on Food Grains

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 *341. { Pandit D. N. Tiwary:
 Shri Jadhav:
 Shri M. C. Jain:

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that in spite of the direction by the Reserve Bank not to advance credit on foodgrains, the scheduled Banks have advanced a large sum on food stuffs;

(b) whether Government is aware that the merchants purposely do not lift the stocks to create artificial scarcity in the market, and

(c) the steps taken to check it?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) The Reserve Bank's directives do not prohibit advances by scheduled banks against foodgrains but only seek to restrict such advances. The issue of directives by the Reserve Bank has generally been followed by either a definite reduction in advances against foodgrains or a slowing down of the pace of their expansion depending upon whether it was the slack season or the busy season. I may add for the information of the Hon'ble Members that the restriction on advances against foodgrains was further tightened in June, 1957 by providing for the maintenance of aggregate level of advances against foodgrains. As a result of this, advances are expected to decline further.

(b) Government have no information on the point

(c) Does not arise

Pandit D. N. Tiwary: May I know whether, in spite of these efforts of the Reserve Bank, the advances on foodgrains including wheat and rice have gone up and if so, by what per cent? Also, may I know what was the advance in 1955 and 1956 and what is the advance today?

Shri B. R. Bhagat: As compared to 1954, 1955 and 1956, the advances

against foodgrains including wheat and other crops are high. But, as I said, when we imposed the first restriction in May, 1956 against paddy and rice, the advances came down from Rs. 26 crores to Rs. 4 crores, although it was a slack season. But part of the coming down of the advances is due to the restrictions imposed by us. As regards wheat, it is true that the advances by the banks are high, but as a result of fresh restrictions imposed in June, 1957 in which we have provided for bringing down the aggregate level of advances—for example now it is only 66-2'3 per cent of the aggregate of 1956 as against paddy and 75 per cent of the aggregate of 1956 as against other foodgrains—we reasonably believe that it will considerably bring down the advances.

Shri Jadhav: May I know whether the Government is going to make the purchases itself?

Shri B. R. Bhagat: This has nothing to do with the advances by banks. That is a question to be put to the Food Ministry

Shri R. Ramanathan Chettiar: What is the total amount advanced by the scheduled banks on foodgrains since the directive was issued by the Reserve Bank of India?

Shri B. R. Bhagat: If he means the directive issued in June, 1957, I will have to ask for notice to collect the information.

Shri Viswanatha Reddy: May I know whether the policy of manipulating credit with regard to foodgrains applies to the loan and sales societies and other co-operative credit societies?

The Minister of Finance (Shri T. T. Krishnamachari): The position is that there are a plethora of credit institutions in the country and the information that we get is from 20 reporting scheduled banks, which give us the information weekly. The general situation was, early this year, because of what was supposed to be a good crop in rice and the fear of the State

Governments that prices would drop, such that we had to relax these restrictions on credit. It was tightened again round about June. I am sorry I have not got the figures—that paper is not in my file—but the position really is that today the advances are undoubtedly dropping. The reason is two-fold. One is that rice is getting into circulation and the other is that the restriction is being put fairly tight. In the case of wheat, it has not been quite so, because the minimum credit facilities available in the country have to be utilised for stocks which are only for three or four months. Now Government are also implementing a programme of large-scale credit availability to the agriculturists consequent on the report of the Rural Credit Survey Committee, we have made available through the co-operative societies a much larger amount than was available otherwise. Precise indications of the position as it obtains in certain areas are not available. But, as regards the area from which my hon. friend Shri Viswanatha Reddy, comes it seems to be fairly certain that this extra credit is being used for the purpose of hoarding paddy and rice.

The total evaluation of the amount of credit given for any foodgrains does not reveal the position to us in full. Maybe these credits are such that they can be transferred from one type of grain to another. A person who has got two types of grains, might use the credit which is given for one grain for the purpose of financing the other grain.

Area-wise there are certain disparities. I find from the State Bank's reports in regard to the Southern Circle that while in Madras State, the advances in rice have come down appreciably, they have risen very rapidly in regard to the Andhra area, which seems to indicate that there is hoarding there. So, unless we get the details in regard to every sector, we cannot evaluate definitely where the hoarding takes place. Every attempt is being made to study the position and inform the Food and Agriculture Ministry from time to time of the

exact nature of the hoarding and the utilisation of the credit.

Contribution to Political Parties

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*342. { Shri Naushir Bharucha:
Shri Surendranath Dwivedy:
Shri Vajpayee:
Shri Goray.
Shri Mohamed Imam:
Shri B. C. Ghose:
Shri H. N. Mukerjee:

Will the Minister of Finance be pleased to state

(a) whether the attention of Government has been drawn to a recent judgment of the Bombay High Court in respect of contribution to political parties by the Tata Iron and Steel Company wherein the learned judges have suggested some remedial measures in the companies Act, and

(b) if so, the steps proposed to be taken in the matter?

The Deputy Minister of Finance (Shri B. R. Bhagat). (a) Yes, Sir

(b) Government are considering the advisability of incorporating in the Companies Act, 1956 the conditions on which the Appellate Bench of the Bombay High Court confirmed the alterations in the Memorandum of Association of the Tata Iron and Steel Company Limited.

Shri Naushir Bharucha: Is the Government aware that their Lordships of the Bombay High Court unequivocally condemned the practice of political parties receiving contributions from big business?

The Minister of Finance (Shri T. T. Krishnamachari): Maybe, this is common knowledge. I do not think Government would be unaware of what is common knowledge.

Shri Naushir Bharucha: Am I to take it that the Government is fully aware of the fact that such a practice is reprehensible?

Mr. Speaker: What is this argument about?