

also the total number of shop-keepers or persons that will have to be removed from that place?

Dr. K. L. Shrimall: I do not have the exact figures. But roundabout the Masjid, a large number of kabadis have put up their shops. We have been having negotiations with them. But the problem is to put up alternative accommodation. The Chairman of the Delhi Improvement Trust has been requested to draw up plans in this respect. As soon as that is arranged, the kabadis will be removed, and it will be our endeavour to clear the precincts of the Masjid as far as possible?

Shri Barman: I was asking about the space towards the bazar side, which is more congested and in a more disorderly manner, blocking the passage, and is also an ugly site near the mosque. What will be the distance from the boundary of the Masjid that will be covered by other precincts, as stated in the answer.

Dr. K. L. Shrimall: I do not have the exact figure.

Shri S. C. Samanta: Is it not a fact that when Mr. Khrushchev came to this place, all these slums and shops were covered with corrugated sheets? ■ so, may I know whether another international personality will come and see the place very clearly at an early date?

Dr. K. L. Shrimall: I have no information. I do not know why that was done just for the sake of Mr. Khrushchev. As far as I am concerned, I have no information about it.

Bank Advances

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{ Shri Sadhan Gupta:
*80. { Shri Shree Narayan Das:
{ Shri Radha Raman:

Will the Minister of Finance be pleased to state:

(a) whether any bank failed to comply adequately with the provision contained in the Reserve Bank of

India directive regarding margins on advances against foodgrains:

(b) if so the action taken against the defaulters;

(c) whether it is a fact that other advances are utilised for the purpose of speculation in foodgrains;

(d) if so, the amount discovered to have been so utilised;

(e) whether any steps have been taken to check this practice; and

(f) if not, the reasons therefor?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) and (b). As already stated in reply to starred question No. 1604 on 9th September, 1957, the banks have generally made efforts to comply with the Reserve Bank's directives in regard to margins. No case of wilful non-compliance has come to notice.

(c) I would invite reference to the answer given to the supplementaries to Starred Question No. 841 on 13th August, 1957. No evidence has been received to indicate that advances to industries etc. are being utilised for the purpose of speculation in foodgrains.

(d) to (f). Do not arise.

Shri Sadhan Gupta: From the reply to the previous question, it appears that the banks have generally made an effort. And yet, 39 out of 50 banks have failed to comply with this directive as regards rice, and 37 out of 55 banks have failed to comply with this directive as regards other foodgrains. May I know how in spite of generally making effort to comply, this breach of directive has occurred?

Shri B. R. Bhagat: That was with regard to the level. The directive said that in regard to wheat and rice, the level of advances should be brought down to 66 2/3 per cent. and in regard to other foodgrains, it should be brought down to 75 per cent. But, although the banks have

made an effort, and in many cases, they have succeeded, yet some of them could not bring the level down, because in the case of advances already made, in view of the relations that the banks had with their clients, it was difficult sometimes to get back the money. So, there was not any non-compliance. But in the situation as it existed, it was difficult, and the banks had certain difficulties in bringing down the advances to the required level.

Shri Shree Narayan Das: Have Government enquired whether after the issue of this directive by the Reserve Bank, some of the banks have made advances for the purchase of rice and paddy also?

Shri B. R. Bhagat: No case has been brought to the notice of the Reserve Bank that even after the directive, banks made advances for the purchase of foodgrains.

Shri Tangamani: In answer to a previous question on the 9th September, 1957, it was stated that the advances against paddy and rice had declined by Rs. 15 crores. May I know whether the decline has increased or decreased?

Mr. Speaker: It has decreased by 15 crores.

Shri Tangamani: What is the position today?

The Minister of Finance (Shri T. T. Krishnamachari): The position in regard to paddy and rice is that on the 27th September, the total amount of advances, according to our record, is Rs. 3.8 crores, and subsequently, during the fortnight following thereafter, as in certain parts of the country the new crop was coming into the market, there has been a slight rise from Rs. 3.8 crores to Rs. 4.1 crores, that is, a rise of Rs. 30 lakhs.

Shrimati Benn Chakravartty: The hon. Minister stated that after the directive was issued to the banks they reduced advances, but the Reserve

Bank of India Report in July says that although directives have been issued, there has been no decrease. Yet the total figure between May and August shows a total overall increase. Are we to take it that up to the end of July nothing was done and it was only towards the first 15 days of August that this happened? Also what was the credit squeeze that was brought to bear upon them in order to bring about reduction?

Shri T. T. Krishnamachari: The hon. Member is asking a question about what happened prior to the Report of the Reserve Bank on this matter. I think the Report of the Reserve Bank stands; I cannot say anything in contradiction of what has been stated in black and white. The position on September 27, 1957, has been reasonably satisfactory. In regard to paddy and rice, I gave the information that it was Rs. 3.8 crores, which was 70.6 per cent of the figure during the corresponding period of the previous year. So we did not reach 66.6 per cent; we are about 4 per cent above. So I should say that since the Reserve Bank issued its Report on the 27th September, there has been an element of co-operation on the part of the banks to meet the directive of the Reserve Bank.

Shri Prabhat Kar: Is it a fact that the advance against foodgrains was misrepresented in the figure supplied to the Reserve Bank as advance against fodder, by any bank?

Shri T. T. Krishnamachari: It is a matter of detail about which I can neither confirm nor deny the impression the hon. Member has got.

Shri Prabhat Kar rose—

Mr. Speaker: The hon. Minister has said that he does not know.

Shri V. P. Nayar: Let him either confirm or deny.

Shri Sadhan Gupta: Arising out of the answer to (c), the hon. Minister, unfortunately, has not laid a copy of the answer to the supplementaries

referred to. But as far as I remember, in answer to one of my supplementaries, he had stated that there was no way of checking whether other advances were being utilised for the purpose of speculation in foodgrains. Has this aspect been looked into since then in order to devise means so that such things may not happen, because, obviously, when foodgrains.....

Mr. Speaker: The hon Member is arguing. Let him put a simple question.

Shri Sadhan Gupta: I am finishing the question.

Mr. Speaker: I have understood the question. The hon. Minister will also have understood it.

Shri T. T. Krishnamachari: The process is a continuous one and efforts are being made, but, as I have indicated in my answer at that time to the hon. Member's supplementary question, it is not a problem that can be solved in a day or two; it will take years.

Increase in U.K. Bank Rate

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*81. { **Dr. Ram Subhag Singh:**
Shri Heda:
Shri Kumaran:
Shri N. R. Munisamy:
Shri Morarka:
Shri Nathwani:
Shri A. K. Gopalan:
Shri Vasudevan Nair:
Shri Raghunath Singh:
Shri A. S. Saigal:
Shri Easwara Iyer:
Shri Damani:
Shri Wodeyar:
Shri H. N. Mukerjee:

Will the Minister of Finance be pleased to state:

(a) the effect of increase in U.K. bank rate from 5 per cent. to 7 per cent. on Indian economy as a whole and in particular on:

(i) the monetary and banking system in the country;

(ii) sterling securities held in London;

(iii) India's foreign trade;

(b) whether it is a fact that this increase in U.K. bank rate will have a serious impact on the cost of deferred payment arrangements that India is seeking with U.K. with reference to past and future agreements;

(c) whether any restrictions have been imposed on the exchange banks in India after the increase in U.K. bank rate; and

(d) if so, the nature thereof?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) The recent rise in the U.K. bank rate is not expected to have any significant effect on the Indian economy as a whole;

(i) The effects on the monetary and banking system also will be negligible;

(ii) There has been some depreciation of the sterling securities held by the Reserve Bank;

(iii) It is too early yet to assess the impact of the increase in the U.K. Bank rate on the level of demand and costs in the U.K. and consequently on the demand for our exports to the U.K. and the prices of our imports from the U.K.;

(b) The cost of deferred payments facilities will go up in regard to future agreements with U.K. suppliers as also in regard to such past agreements where the terms of credit are related to the Bank rate;

(c) No, Sir.

(d) Does not arise.

Dr. Ram Subhag Singh: May I know whether the foreign exchange requirement for the Durgapur Steel Plant which totalled about £26.5 million,