

(b) if so, what made the Reserve Bank to start this credit squeeze in the beginning of the financial year?

**The Deputy Minister of Finance (Shrimati Tarkeshwari Sinha):** (a) The Reserve Bank of India directed every scheduled bank to deposit with it 25 per cent of the addition to its demand and time liabilities subsequent to March 11, 1960. This was increased to 50 per cent with effect from May 6, 1960.

(b) The additional reserve requirement is intended to check the expansion in bank credit, thereby exercising a restraining influence on the expansion in money supply and rise in commodity prices.

#### **Cost of Steel Plants**

**\*98. Shri Morarka:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether Government's attention has been drawn to para 145 of the 33rd Report (Second Lok Sabha) and reiterated in Para 13 of the 87th Report of the Estimates Committee that for a proper comparison of the estimates and actual costs of the three steel projects, the estimates should be analysed on a uniform basis, making due allowance for the differences; and

(b) if so, what steps have been taken in this direction?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) Yes, Sir.

(b) Revised estimates have been received from the Hindustan Steel Limited. These are being analysed to see whether they are on a uniform basis. If necessary, they will be further revised to bring them on a uniform basis as possible.

#### **Failure of Laxmi Bank Ltd.**

**\*99. { Shri Daljit Singh:  
Shri Assar:**

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that the Laxmi Bank Ltd., has failed recently;

(b) if so, what would become of depositors; and

(c) what steps are taken or being taken to safeguard the interests of the depositors in future?

**The Deputy Minister of Finance (Shrimati Tarkeshwari Sinha):** (a) On an application made by the Reserve Bank on the 30th May, 1960, the Maharashtra High Court ordered the winding up of the Laxmi Bank Ltd. and appointed the Court Receiver and Official Liquidator attached to that High Court as its liquidator.

(b) and (c). The liquidation proceedings of the bank will be conducted under the directions of the High Court and payments will be made to the depositors under the orders of that Court as and when the assets of the bank are realised.

#### **Working of New Coal Mines**

**\*100. { Shrimati Renuka Ray:  
Shri C. K. Bhattacharya:**

Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether it is a fact that the Central Government has decided to allow the private sector to work in new coal production areas;

(b) if the answer to above part (a) be in the affirmative, what is the reason therefor?

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** (a) and (b). The general policy of Government is to confine the expansion of the private sector to areas immediately contiguous to their working mines and covered by the same mining lease. Exceptions to this rule are made only in individual cases and provided that the areas involved are small and are not required for development in the public sector