

Finance Minister says that my question is out of the scope of the original question.

Mr. Speaker: Order, order. I have called the next question.

Shri H. C. Mathur: I have to offer an explanation on this point. As a matter of fact, the hon. Minister is contradicting his own colleague.

Mr. Speaker: Next question.

Re-Finance Corporation

*67. { Shri Kasliwal:
Shrimati Tarkeshwari Sinha:
Shri L. N. Mishra:

Will the Minister of Finance be pleased to state:

(a) whether it has been decided to set up a Re-Finance Corporation;

(b) if so, what is the nature and extent of the scheme; and

(c) whether any banks have been invited to participate in this Corporation?

The Minister of Finance (Shri T. T. Krishnamachari): (a) to (c). The proposal to set up a Corporation to provide medium-term loan assistance to industries in the private sector is still under consideration. The details which are being worked out will be announced shortly.

Shri Kasliwal: It appears from press reports that out of the 15 banks which are going to be associated with this Re-finance Corporation, some of the scheduled banks are not giving as much response to it as was expected. There are further reports to the effect that more banks propose to give a cold shoulder to the scheme. How far are such reports correct?

Shri T. T. Krishnamachari: The details are being worked out. Banks have been asked to express their views on the matter. We have not got the final picture before us yet.

Shrimati Tarkeshwari Sinha: May I know whether Government have fixed

any quota of capital to be provided by the Reserve Bank of India, the State Bank of India and the Life Insurance Corporation, and private banks?

Shri T. T. Krishnamachari: Yes, we have a tentative quota. That is also being discussed.

Shri L. N. Mishra: What is the rate of interest that the Corporation will charge from the parties?

Shri T. T. Krishnamachari: As I have said, all these proposals that we have put before the banks, which are discussing this matter, are tentative. Our mind runs in the direction of about 6 1/2 per cent as being the rate of interest which the banks might charge from their constituents. But I think the Corporation will charge 5 per cent.

Shri Mohiuddin: Are Government aware that there are a large number of banks which have medium-term loans outstanding for a very long period, which are now doubtful? May I also know whether necessary precautions will be taken to see that these medium-term loans, which have been renewed from time to time, are not passed on to the Re-finance Corporation?

Shri T. T. Krishnamachari: The first part of the question relates to a practice—undoubtedly not a very healthy practice, but, none-the-less, a practice which banks do indulge in, namely, while loans are supposed to be ostensibly for short-term, they are extended from time to time and constitute long-term loans. We do find that the present stringency in the banks' liquidity position is partly due to the fact that the loans that they have advanced are not quite so liquid. So far as the Re-finance Corporation is concerned, it will have to deal with projects; most of these projects will be new ones or in such stage as would near completion if some help is given. I do not think the Re-finance Corporation will interest themselves in regard to past loans, unless it be that they are of a recent character.

Shri Ramanathan Chettiar: May I know whether, among the 14 scheduled banks mentioned in the hon. Finance Minister's speech yesterday, any banks from South India are included?

Shri T. T. Krishnamachari: I have not been keeping in touch with these negotiations to such a precise degree. I should await the report from the Reserve Bank which is in a position to answer a question of this nature.

Shri L. N. Mishra: May I know the amount of US aid that is proposed to be availed of for this Corporation?

Shri T. T. Krishnamachari: Rs. 26 crores.

Municipal Board in Andaman and Nicobar Islands

*68. **Shri D. C. Sharma:** Will the Minister of Home Affairs be pleased to refer to the reply given to Starred Question No. 389 on the 26th November, 1956 and state the progress made to implement the decision regarding the formation of a Municipal Board in Andaman and Nicobar Islands?

The Minister of State in the Ministry of Home Affairs (Shri Datar): The Andaman and Nicobar Islands (Municipal Boards) Regulation, 1957 (No. 1 of 1957) was published in the Government of India Gazette on the 11th March, 1957 after obtaining President's assent. It is being published now in the Andamans Gazette for general information, and will come into force on the 1st June, 1957. Decision has also been taken by the Andamans Administration to constitute a Municipal Board at Port Blair from the 15th August, 1957. Meanwhile, steps are being taken by them to finalize administrative arrangements such as framing of rules, delimitation of Municipal wards and preparation of electoral rolls, etc.

Shri D. C. Sharma: May I know if only one Municipal Board will be established at Port Blair or will there be a network of local self-governing institutions all over, of various grades, as obtains in our country?

Shri Datar: The area populated is very small. All the same, after observing the experiment of the Municipal Board at Port Blair, Government will consider the question of establishing them at Maya Bandar and at another place in the Nicobar Islands.

Shri D. C. Sharma: May I know whether the result of the experiment of local self-government which has been so pronounced in India will not help us in coming to a conclusion and will these local self-governing institutions be placed outside the scope of the experiment on this Island?

Shri Datar: I have not been able to follow the latter part of the question.

Mr. Speaker: The hon. Member should put a question and not make a suggestion.

Shri D. C. Sharma: Local self-government in India has been a success and has been in existence for a long time. Will not this successful experiment make us bold to think that we should try them straightaway and not wait for any experiment?

Shri Datar: I have already answered this question. Port Blair is the area mostly populated, nearly 20,000; and, in other places the population is extremely small and, therefore, Government are further considering this question.

Shri S. C. Samanta: May I know the population that is intended to be included in the proposed Municipal Board and whether any demarcation of the area for the Municipal Board has been made?

Shri Datar: The town of Port Blair and a number of villages roundabout it are to constitute the area of this Municipal Board.

Shri Dasappa: May we know whether it is going to be purely non-official in character and whether the franchise will be adult franchise?

Shri Datar: It will be on the basis of adult franchise and there would be nominated and elected members.