

[Translation]

SHRI SHATRUGHAN PRASAD SINGH : Mr. Speaker Sir, the hon'ble Minister did not tell us that how much time will be taken in it.....(Interruptions)

[English]

SHRI P. NAMGYAL : Thank you very much. The Third and Fourth Pay Commissions have always..... (Interruptions)

MR. SPEAKER : People who know about the Pay Commission need not get a chance to put questions.

SHRI P. NAMGYAL : Sir, the Government employees posted in the difficult areas or hilly areas, particularly in the North-Eastern region, Ladakh and same other such areas have always been neglected by the recommendations of the Third and the Fourth Pay Commissions. The same thing again has been repeated by the recommendations of the Fifty Pay Commission in respect of their pay and allowances. The employees who are posted in these areas get less emoluments as compared to the employees who are posted in and around the cities in the country. I would like to know from the hon. Minister whether the question of giving more allowances and emoluments to these employees who are posted in the difficult areas would be looked into or not.

Further, in part (b) of your written reply, it has been mentioned that the views of the employees will be ascertained through the National Council of the Joint Consultative Machinery. In this context, I would like to know from the hon. Minister whether or not this issue would be referred to this Committee as well as to the Committee of Secretaries for redressal of their grievances.

SHRI P. CHIDAMBARAM : Let me explain the procedure in one sentence. This is the established procedure. There is a Standing Council of the Joint Consultative Machinery (JCM). The entire Pay Commission's report is given to the JCM. In the JCM, the staff side discusses with the Secretaries of the Government and the Committee of Secretaries will then make their recommendation to the Government. I have no doubt in my mind that every section of the Government employees will have an opportunity to make their comments on the Pay Commission's report through the machinery of the JCM.

Sir, may I also take this opportunity to say that pending the Pay Commission's Report, the Government has released three instalments of Interim Relief to serving Government employees, three instalments of Interim Relief to all pensioners, and has also passed orders for treatment of Dearness Allowance as Dearness Pay. Total package so far has been worth Rs. 3,656 crore.

[Translation]

SHRI RAM KRIPAL YADAV : Mr. Speaker, Sir, we are discussing about the salaries of the Government employees but what about our own salaries?

MR. SPEAKER : You have raised the actual point.

Steps To Strengthen Co-operative Banks

*6. SHRI VISHVESHWAR BHAGAT : Will the Minister of FINANCE be pleased to state :

(a) whether the Union Government have formulated any scheme to strengthen the capital base of Co-operative banks on the pattern of commercial and rural banks;

(b) if so, the details thereof; and

(c) if not the time by which the said scheme is likely to be formulated?

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) to (c). Unlike Public Sector Commercial Banks and Regional Rural Banks where the Central Government directly contributes to the share capital, shareholding of State Co-operative Banks and District Co-operative Banks is contributed by their members and the State Government. To some extent, National Bank for Agriculture and Rural Development, (NABARD) assists State Governments towards contributions to the share capital of District and State level Co-operative Banks. The loans sanctioned and disbursed by NABARD during the last three years were as under :

	(Rs. crores)	
	Loans Sanctioned	Loans disbursed
1993-94	39.01	30.51
1994-95	73.03	74.91*
1995-96	100.14	107.78*

* Including loans sanctioned for previous year.

For the year 1996-97, applications aggregating Rs 174 crores have been received from various state Governments and are being scrutinized by NABARD.

[Translation]

SHRI VISHVESHWAR BHAGAT : Mr. Speaker, Sir, the Cooperative Banks were set-up with an objective to achieve development of 80 per cent rural area but so far these banks have not been able to achieve their goals. I want to know from the hon'ble Minister as to what is the latest state-wise position of these cooperative Banks and what contribution can be made by the Central Government to strengthen the capital base of these banks. Now we can see that the amount of assistance disbursed by the NABARD during the years 1993-94, 1994-95 and 1995-96 was far less than the actual requirements of the different states. I therefore, would like the hon'ble Minister to let us know as to what measures the Government propose to take to strengthen the capital base of these banks on whose shoulder lies the responsibility of all round development of rural areas.

[English]

SHRI P. CHIDAMBARAM : Sir, cooperative banks fall within the purview of the State Governments. The owner-

ship of these banks is among members of the cooperative banks, the district cooperative banks and, to some extent, the State Governments. The Central Government does not hold any shares in cooperative banks. But the Central Government helps the cooperative banks in two ways. One is the subject of this question, namely, strengthening the capital base of cooperative banks.

NABARD advances assistance to State Governments to strengthen the capital base of district and State level cooperative banks. In 1993-94, NABARD sanctioned Rs. 39.81 crore to the various State Governments and actually Rs. 30.51 crore was disbursed.

In 1994-95, Rs. 73.03 crore was sanctioned and Rs. 74.91 crore was disbursed. In 1995-96, Rs. 100.14 crore was sanctioned and Rs. 107.78 crore was disbursed. For 1996-97, applications aggregating Rs. 174 crore have been received from various State Governments and are being scrutinized by NABARD.

[Translation]

SHRI VISHVESHWAR BHAGAT : Whether there is any scheme to set-up a national cooperative Bank in order to bring uniformity in respect of these cooperative Banks of various states?

[English]

SHRI P. CHIDAMBARAM : There is no such proposal, Sir.

DR. LAXMINARAYAN PANDEY : May I know from the Minister whether he has received any request from any cooperative organisation or from the National Cooperative Union of India to set up a National Cooperative Bank of India on the lines of Regional Rural Bank ? If so, what is the reaction of the Government?

SHRI P. CHIDAMBARAM : There is a request. I think the request came some time ago. The RBI has some views on it. As I said, I have no proposal in that behalf but there is a request.

SHRI A.C. JOS : The cooperative banks are looking after the activities of the rural economy. The point is, cooperatives banks are being treated by the Government at par with the nationalised banks and a tax has been imposed on them. My question to the hon. Minister is, considering the importance of the cooperative banks, will the Government consider taking away the tax proposal which is being imposed on the cooperative banks.

SHRI P. CHIDAMBARAM : I would not be able to readily answer the question. My recollection is that there is a tax exemption to cooperative banks but if you ask a specific question, I can give you a specific answer.

SHRI A.C. JOS : There is no tax exemption. Tax is being imposed on them. They had applied for tax exemption but the Government had not sanctioned any tax exemption for the cooperative banks.

SHRI P. CHIDAMBARAM : Sir, it does not arise from the main question.

SHRI A.C. JOS : My question is, whether the Government will consider exempting the cooperative banks from tax.

MR. SPEAKER : It is in the nature of a suggestion. So, you may look into it.

SHRI P. CHIDAMBARAM : I do not want to assert anything. I will look into the matter.

[Translation]

SHRI RAMASHRYA PARSAD SINGH : Mr. Speaker, Sir, one of the objectives behind setting-up of the cooperative Banks was to protect the farmers and workers from the cruel clutches of usurers and with this objective the Cooperative Banks were set-up in every district in every state. These banks have not proved fruitful because their capital base is very weak due to which they are unable to provide timely loans. I want to know from the hon'ble Minister of Finance as to what is being contemplated to strengthen the capital base of these banks which are the backbone of the farmers.

[English]

SHRI P. CHIDAMBARAM : In fact, I have answered it. We are providing loans to State Governments to strengthen the capital base of the cooperative banks. In fact, year after year the assistance given by NABARD is increasing and this year, as I said, we have requests aggregating almost Rs. 174 crore and this will be considered sympathetically.

SHRI SANAT MEHTA : The hon. Minister, in connection with the question regarding tax on the cooperative banks, replied that if any specific case is there, he will look into it. A case has been represented by the Gujarat Cooperative Bank since the last so many years, but even today no final decision has been given. The local income tax authorities are pressuring the District Cooperative Bank and the State Cooperative Bank to pay the tax. This was represented to the former Finance Minister. It was represented by me to the present Finance Minister. I want a specific answer, whether this question will be decided within the specific time or not.

SHRI P. CHIDAMBARAM : As I said, Sir, it is a question relating to taxation. I cannot give an answer without having full information in my hand. But I shall certainly look into the specific case which the hon. Member Shri Sanat Mehta has pointed out, and I will give him a reply within a week about the status of that proposal.

SHRI BASU DEB ACHARIA : In 1990, there was a general waiver of loans taken by certain people. Because of the non-receipt of those amounts by some of the cooperative banks, their equity base has eroded. I know the example of one such district level Central cooperative bank, that is, Bankura Central Cooperative Bank. That bank has not received the replacement amounts for the loans waived. Because of that, the equity base of that particular cooperative bank has eroded. May I know from the Minister whether the commitment made by the Government will be fulfilled by sanctioning the amount in question to the central cooperative banks?

MR. SPEAKER : This again is a very specific question.

SHRI P. CHIDAMBARAM : If the hon. Member is referring to the loan waiver scheme introduced in 1990, that scheme is over and I have no other proposal before me to sanction any more funds.

SHRI BASU DEB ACHARIA : I am not asking for a fresh waiver of loans. I am talking about the central cooperative banks which did not receive the amount in place of the loans waived.

SHRI P. CHIDAMBARAM : If there is a lapse in applying that scheme in the past period, if that lapse is brought to my notice, I will find out if there is a lapse. But there is no question of reviving the scheme or sanctioning any more money.

[Translation]

SHRI ANANT GANGARAM GEETE : Mr. Speaker, Sir, I would like to know the state-wise details of the disbursement of Rs. 107 crores which was made available to the State Cooperative Banks by the NABARD in the year 1995-96.

[English]

SHRI P. CHIDAMBARAM : Sir, I may not have the state-wise details of allocation of Rs. 107 crore. But I shall send it to the hon. Member in a couple of days.

Economic growth

*7. SHRI SONTOSH MOHAN DEV : Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Government has been drawn to the newsitem captioned 'economy to slump despite turn around by farm sector' appearing in 'The Hindu' dated February 1, 1997;

(b) if so, whether the economic growth of the country is expected to go down during the financial year despite a turn around by the agricultural sector;

(c) if so, whether despite a robust 3.7% growth in agriculture, forestry and fishing as compared to a negative 0.1% growth in 1995-96, the overall gross domestic product growth is expected to slip to 6.8% from 7.1% as estimated; and

(d) the main reasons for the same and steps the Government propose to take to improve the economic growth?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM). (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) and (c). As per the advance estimates released by the Central Statistical Organisation, growth in gross domestic product (GDP) in real terms (at 1980-81 prices) at factor cost is placed at 6.8 per cent for 1996-97 compared with 7.1 percent in 1995-96 (quick estimate). The comparative sectoral growth profile of GDP during 1995-96 and 1996-97 is indicated below :

Growth rates in GDP at factor cost at 1980-81 prices by sectors

(Growth rates in per cent)

Sector	1995-96(Q)	1996-97 (A)
	2	3
1. Agriculture, forestry & fishing	-0.1	3.7
2. Mining and quarrying	7.0	1.7

	1	2	3
3 Manufacturing		13.6	10.6
4 Electricity, gas and water supply		9.1	4.2
5 Construction		5.3	4.6
6 Trade, hotels, transport and communication		13.3	9.4
7 Financial, real estate and business services		4.0	6.3
8 Community, social and personal services		6.2	4.9
Total GDP at factor cost		7.1	6.8

Q: Quick Estimate.

A: Advance Estimate.

(d) Since June 1996, the pace of economic reforms has been revived to promote faster growth. Several reform measures have been undertaken in the area of industrial delicensing, infrastructure sectors, foreign investment, trade policy, capital markets and financial sector.

SHRI SONTOSH MOHAN DEV : Sir, it is very difficult to put questions to a former colleague with whom I worked in the same Ministry. From the answer it seems that he has forgotten his past loyalties. I will come first to part (d) of the answer given by him. I would say very frankly that I did not expect such a reply from Shri Chidambaram. It says :

"Since June 1996, the pace of economic reforms has been revived. Several reform measures have been undertaken in the area of industrial delicensing, infrastructure sectors, foreign investment, trade policy, capital markets and financial sector."

That means, the previous Government of which he was a part, had done nothing, whereas all the things mentioned in the reply were done during the previous Government's time and not a single thing was done in his time. It is fair enough! Now he is in a new circle. It is difficult for him to act independently with 13 partners. We see it in the papers.

The economic situation of the country is a concern of everybody; it is not his concern alone. We should rise above politics on that point. The fact is that the gentleman sitting to his right has just now said that one of his partners, the Minister of Civil Aviation, is not doing what the gentleman is asking him to do. He has also said why people are not coming in. All of us are interested in the economic growth of the country.

From the chart of growth rates at 1980-81 prices that is given in the reply, it is clear that except in the sector of agriculture, forestry and fishing, the growth rate in GDP at factor cost has gone down virtually in all other sectors.

MR. SPEAKER : I think you have given enough explanation. Now, please put the question.

SHRI SONTOSH MOHAN DEV : I am putting the question, Sir. I have heard the Minister saying in private — the